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MARXISM AND THE U.S.S.R.

Marxism and the U.S.S.R.

The Theory of Proletarian Dictatorship and
the Marxist Analysis of Soviet Society

Paul Bellis



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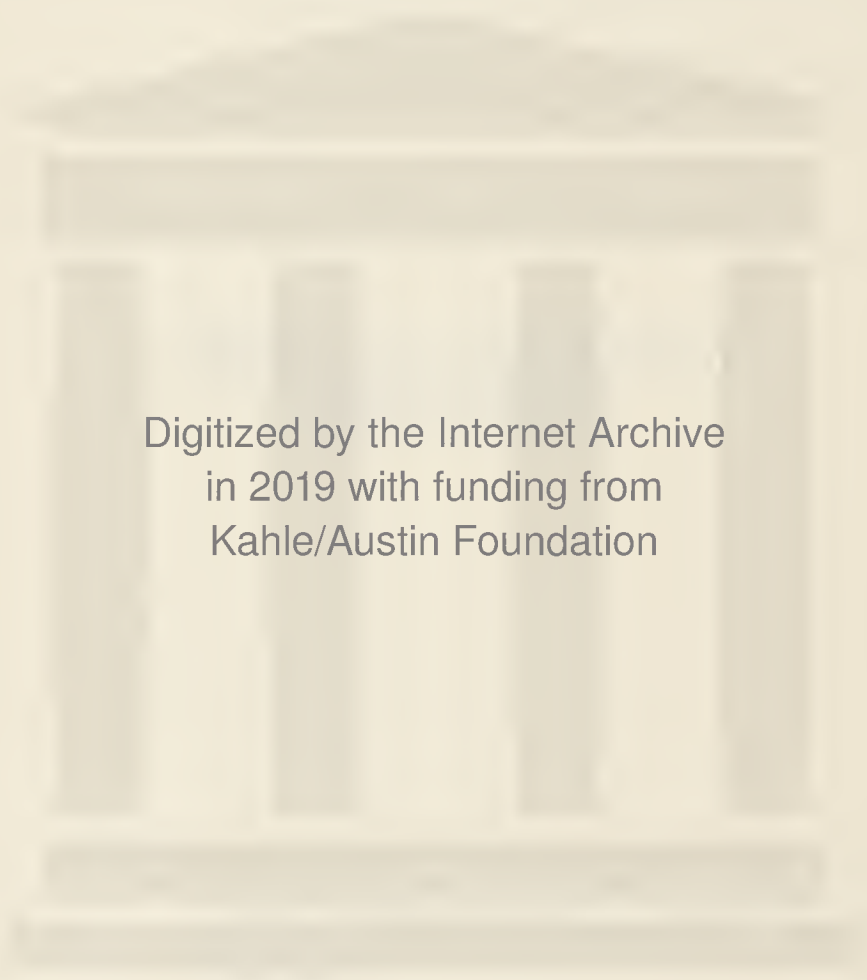
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To the Memory of my Mother
Gwenven Bellis



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June 1978

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Introduction

Among the most significant of recent developments within the European reformist left has been the explicit abandonment by the French Communist Party (P.C.F.), at its Twenty-Second Congress in January/February 1976, of the Marxist concept of the dictatorship of the proletariat. This theoretical rupture clearly corresponds to the political practice of the P.C.F. and its sister parties, geared as they are to the progressive transformation of the bourgeois state through the election of successive 'left' governments, supported from below by the 'mass pressure' of an amorphous and undefined popular movement. Eurocommunism's Fabian strategy, and its repudiation of the conception most central to the theoretical practice of Marx, Engels, and Lenin, are, however, indissolubly bound up with what has for decades constituted *the major obstacle* to socialist revolution *in the West*: the existence of societies which, while formally proclaiming their incarnation of socialism, are characterised by signal inequality, an absence of any effective democracy, and continuing deficiencies in the supply and quality of many basic consumption goods.¹ Any attempt to comprehend and transcend this conjuncture must necessarily start from an analysis of the Soviet Union itself, as the first social formation in which capitalism was overthrown, and in whose deformed, and deforming shadow all subsequent anti-capitalist upheavals have inevitably occurred: this is the object of the book.

The opening chapter traces the development, by the founders of historical materialism, of the concept of the transition from the capitalist to the socialist mode of production, and of the dictatorship of the proletariat, as the political counterpart and condition of this socio-economic transformation. *Chapter 2* is an appraisal of Lenin's contribution to the problematic of the transition, seen in the context of the internal and external milieux in which the first workers' state was established. *Chapter 3* documents Trotsky's brilliant, if ultimately incomplete extension of the theory to account for that state's degeneration, and to conceptualise the character and

dynamics of the bureaucratic 'totalitarianism' which issued from it. In *Chapters 4 to 6* consideration is given to the alternative Marxist analyses of the Soviet social formation which have subsequently been articulated, explicitly or implicitly, in opposition to that put forward by Trotsky (and since developed by other theorists standing in the same tradition, most notably the Belgian Ernest Mandel, a leading member of the United Secretariat of the Fourth International). This necessitates examining their internal coherence, as ostensibly Marxist analyses, and assessing also their 'external'² correspondence with features and trends apparent in the contemporary U.S.S.R.

The present work is a systematic attempt to collate the various strands of the discussion on the socio-economic character of the Soviet Union, clarifying its terms of reference and subjecting the diverse conclusions which have emerged from it to a critical scrutiny. It should be seen as a provisional summary of a debate which is far from being Byzantine: on the contrary, the 'Russian Question' remains an ineradicable reference point of revolutionary Marxist politics,³ and it is in terms of those politics that what follows must ultimately be assessed.

I The Theoretical Foundations

THE DICTATORSHIP OF THE PROLETARIAT AND THE TRANSITION TO SOCIALISM

Marx's first reference to 'the dictatorship of the proletariat' occurs in the third of a trilogy of articles which he wrote for his ill-fated journal *Neue Rheinische Zeitung – Politisch-Oekonomisch Revue* in 1850, and which were subsequently assembled under the title *The Class Struggles in France, 1848–1850*. The term is here employed by Marx in the context of an exposition of what, for him, was entailed by revolutionary socialism:

. . . the *declaration of the permanence of the revolution*, the *class dictatorship* of the proletariat as the necessary transition point to the *abolition of class distinctions generally*, to the abolition of all the relations of production on which they rest, to the abolition of all the social relations that correspond to these relations of production, to the revolutionizing of all the ideas that result from these social relations. (CSF, p. 117)

In April 1850, a month after Marx's writing of this article, the concept of the dictatorship of the proletariat was incorporated into the first of the six statutes of the Universal Society of Communist Revolutionaries, among the principal figures of which were numbered, in addition to Marx and Engels, the Chartist George Harney and the exiled leaders of the Blanquists:

The aim of the society is the overthrow of all the privileged classes, and to submit these classes to the dictatorship of the proletariat by maintaining the revolution in permanence until the realisation of communism, which will be the last organisational form of the human family.¹

Although the term itself is not used, it is generally recognised that the substance of the concept of proletarian dictatorship as it was perceived by Marx and Engels at the time was elaborated in the *Manifesto of the Communist Party*, written two years earlier:²

. . . the first step in the revolution by the working class, is to raise the proletariat to the position of ruling class, to win the battle of democracy.

The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the State, i.e., of the proletariat organised as the ruling class; and to increase the total of productive forces as rapidly as possible. (MAN, p. 52)

In the same work, Marx and Engels described the object and end product of proletarian rule:

When, in the course of development, class distinctions have disappeared, and all production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, properly so called, is merely the organised power of one class for oppressing another. If the proletariat during its contest with the bourgeoisie is compelled, by the force of circumstances, to organise itself as a class, if, by means of a revolution, it makes itself the ruling class, and, as such, sweeps away by force the old conditions of production, then it will, along with these conditions, have swept away the conditions for the existence of class antagonisms and of classes generally, and will thereby have abolished its own supremacy as a class.

In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all. (MAN, p. 53)³

Although there is not, in the *Manifesto*, any explicit reference to the abolition of the state, there can be no doubt that Marx and Engels envisaged precisely this. Hence, in a book review written about the same time, Marx observed that: 'The abolition of the state has only one meaning to the Communists, as the necessary result of

the abolition of classes, whereupon the need for the organised power of one class for the suppression of another ceases to exist'. (Cited in Draper (1970), p. 288) In a much later work by Engels, the Saint-Simonian formulation of the de-politicisation of the public power employed in the *Manifesto* is explicitly equated with the abolition of the state:

All socialists are agreed that the political state, and with it political authority, will disappear as a result of the coming social revolution, that is, that public functions will lose their political character and be transformed into the simple administrative functions of watching over the true interests of society. (OA, p. 639).

The *Manifesto* itself refers to the 'rule' of the proletariat rather than to its 'dictatorship', as in the statement that 'the first step in the revolution . . . is to raise the proletariat to the position of the ruling class'. Engels, in the preliminary draft of the work which he prepared, wrote that the revolution 'will establish a democratic constitution and through this the direct or indirect dominance of the proletariat'. (PC, p. 13) However, in correspondence with Otto Lüning (co-editor, with Marx's close friend Joseph Weydemeyer, of the Frankfurt journal *Neue Deutsche Zeitung*), Marx made it clear that he recognised no substantive difference between his concept of the dictatorship of the proletariat as set out in *The Class Struggles in France*, and the formulation employed in the *Manifesto* (and implicitly also the synonymous terminology used by Engels in *Principles of Communism*). (See Draper, 1962, p. 98)⁴

It has been claimed by some commentators that the French revolutionary Louis-Auguste Blanqui, rather than Marx, was the first to coin the term 'dictatorship of the proletariat'⁵, although Draper has disputed this. In any event, Marx and Engels were emphatic about the distinction between their own conception of revolutionary dictatorship and that of Blanquists, as is made clear by Engels' statement in his article *The Programme of the Blanquist Fugitives From the Paris Commune*:

From Blanqui's assumption, that any revolution may be made by the outbreak of a small revolutionary minority, follows of itself the necessity of a dictatorship after the success of the venture. This is, of course, a dictatorship, not of the entire revolutionary class, the proletariat, but of the small minority that has made the

revolution, and who are themselves previously organized under the dictatorship of one or several individuals. (Cited in Draper, 1962, p. 95)

When Blanqui's exiled followers in London adopted the Marxist conception of proletarian dictatorship in a programmatic document,⁶ Engels observed, presumably with some satisfaction, that

. . . when the so-called Blanquists made an attempt to transform themselves from mere political revolutionists into a socialist workers' faction with a definite programme – as was done by the Blanquist fugitives in London in their manifesto, *Internationale et Révolution*, – they . . . adopted, and almost literally at that, the views of German scientific socialism on the necessity of political action by the proletariat and of its dictatorship as the transition point to the abolition of classes and with them of the state – views such as had already been expressed in the *Communist Manifesto* and since then on innumerable occasions. (HQ, p. 613)⁷

In his letter to Weydemeyer of 5 March 1852, Marx summarised his ideas on the dictatorship of the proletariat, at the same time disclaiming any credit for the discovery of classes and the class struggle:

What I did that was new was to demonstrate: 1) that the *existence of classes* is merely linked to *particular historical phases in the development of production*, 2) that class struggle necessarily leads to the *dictatorship of the proletariat*, 3) that this dictatorship itself only constitutes the transition to the *abolition of all classes* and to a *classless society*. (MESC, p. 64)

After this, a period of twenty years was to elapse before any reference to the proletarian dictatorship occurred again in the writings of Marx or Engels. When it reappeared, the conception itself had undergone a significant extension and refinement, the stimulus for this being the experience of the Paris Commune.

THE COMMUNE AND AFTER

In none of his copious writings did Marx ever refer to the Paris Commune of 1871 as the dictatorship of the proletariat.⁸ Some ten

years after the event, he remarked that 'apart from the fact that this was merely the rising of a city under exceptional conditions, the majority of the commune was by no means socialist, nor could it be'. (Marx to Nieuwenhuis, 22 February 1881, MESC, pp. 317-19) In the *First Draft of The Civil War in France*, he wrote that: 'The principal measures taken by the Commune are taken for the salvation of the middle class'. (FD, p. 258) As Miliband has observed, Marx's reluctance to characterise the Commune as the dictatorship of the proletariat would also follow from the fact that he undoubtedly conceived of this dictatorship as the product of a socialist revolution on a national scale. (Miliband, 1965, p. 291) It is nevertheless the case that Engels, in his 1891 *Preface to The Civil War in France*, hailed the Commune as the realisation of the proletarian dictatorship:

Of late, the Social-Democratic philistine has once again been filled with wholesome terror at the words: Dictatorship of the Proletariat. Well and good, gentleman, do you want to know what this dictatorship looks like? Look at the Paris Commune. That was the Dictatorship of the Proletariat. (MESW/1, pp. 248-59)

There is no necessary contradiction here. As Avineri has pointed out, *The Civil War in France*, although it appears to be an account of the Commune's achievements, is actually an evaluation of its ascribed potential:

... what Marx saw in the Commune as a model for the future were not the actual, concrete arrangements it instituted, but a projection of the potentialities of these arrangements onto the future. Only this projection gives the Commune its historical significance. Marx, then, does not discuss the Commune as it actually was, but as it could be, not *in actu* but *in potentia*. He elevates the Commune's possible enactments and its potential arrangements to a paradigm of future society. It is not the Paris Commune of 1871 that provides the model for future society, but the immanent reason Marx saw in it *had* it survived (though he was sure it would not). Only such a projection allows Marx, in his 1881 letter,⁹ to criticise the historical Commune for not nationalising the *Banque de France*, and to praise the potential Commune for an intention to abolish private property. (Avineri, 1971, pp. 240-1)

Clear support for this interpretation is provided by a reference which occurs in a letter by Engels, written in 1884: 'That in *The Civil War* the *instinctive* tendencies of the Commune were put down to its credit as more or less deliberate plans was justified and even necessary under the circumstances'. (Engels to Bernstein, 1 January 1884, MESC, p. 345) Marx himself stated that the 'great social measure of the Commune was its own working existence', arguing that, had it survived, its inherent dynamic would, of necessity, have led it in a socialist direction:

The political rule of the producer cannot coexist with the perpetuation of his social slavery. The Commune was therefore to serve as a lever for uprooting the economical foundations upon which rest the existence of classes, and therefore of class rule. (CW, p. 290)

Lenin, taking up Marx's analysis of the Commune almost half a century later, was to argue that the main lesson to be learned from it was contained in Marx's assertion that 'the working class cannot simply lay hold of the ready-made state machinery, and wield it for its own purposes'. (See Chapter 2) In his *Preface to The Civil War*, Engels had emphasised this same aspect of Marx's account, referring to the 'shattering of the former state power and its replacement by a new and truly democratic one', and arguing that the state, pending its future abolition, must be regarded as 'at best an evil inherited by the proletariat after its victorious struggle for class supremacy, whose worst sides the victorious proletariat, just like the Commune, cannot avoid having to lop off at once as much as possible'. (MESW/1, pp. 248-59)¹⁰

Marx himself identified what he regarded as the 'new feature' of the Commune as being that:

. . . the people, after the first rise, have not disarmed themselves and surrendered their power into the hands of the republican mountebanks of the ruling classes, that, by the constitution of the *Commune*, they have taken the actual management of their revolution into their own hands and found at the same time, in the case of success, the means to hold it in the hands of the people itself, displacing the state machinery, the governmental machinery of the ruling classes by a governmental machinery of their own. (FD, p. 261)

The 'true secret' of the Commune, Marx declared, was that 'It was essentially a working-class government, the produce of the struggle of the producing classes against the appropriating class, the political form at last discovered under which to work out the economic emancipation of labour'. (CW, p. 290) He identified the principal structural innovations of this new political form as being:

1. The abolition of the standing army and its replacement by a popular militia as an armed force no longer separate from and opposed to the people.

2. The political functionaries of the Commune consisted of elected and fully recallable delegates rather than representatives. The police, judiciary, and other officials were similarly elected by universal suffrage and were revocable.

3. The delegated officials received no special material privileges, their incomes being on a par with those of skilled workers.

4. The separation of executive and legislative functions, characteristic of the bourgeois regime, was ended: 'The Commune was to be a working, not a parliamentary body, executive and legislative at the same time'. (CW, p. 287)

5. The extension of the Communal structure was to have created a genuinely unified and co-ordinated organisation at the level of the social formation as a whole:

The Paris Commune was, of course, to serve as a model to all the great industrial centres of France. The communal *régime* once established in Paris and the secondary centres, the old centralised Government would in the provinces, too, have to give way to the self-government of the producers. In a rough sketch of national organisation which the Commune had no time to develop, it states clearly that the Commune was to be the political form of even the smallest country hamlet . . . The rural communes of every district were to administer their common affairs by an assembly of delegates in the central town, and these district assemblies were again to send deputies to the National Delegation in Paris, each delegate to be at all times bound by the *mandat impératif* (formal instructions) of his constituents. The few but important functions which still would remain for a central government were not to be suppressed . . . but were to be discharged by Communal, and therefore strictly responsible agents. The unity of the nation was not to be broken, but, on the

contrary, to be organised by the Communal Constitution and to become a reality by the destruction of the State power which claimed to be the embodiment of that unity independent of, and superior to, the nation itself, from which it was but a parasitic excrescence. While the merely repressive organs of the old governmental power were to be amputated, its legitimate functions were to be wrested from an authority usurping pre-eminence over society itself, and restored to the responsible agents of society. (CW, pp. 288-9)

Marx clearly placed great emphasis on the democratic and egalitarian features of the Commune, a fact which would certainly follow from the distinction which he and Engels drew between their conception of proletarian dictatorship and that of the Blanquists, which they saw as being essentially élitist and conspiratorial.

This emphasis also derived from Marx's critique of the nature and role of the contemporary state. His and Engels' views on the state as an agency of class domination and oppression had been set out in the *Manifesto of the Communist Party*, while Marx himself had elaborated a critique of the separation of the state and civil society and of the nature of the former as an 'illusory community', five years earlier. (PEW, pp. 58-198)

In *The Eighteenth Brumaire of Louis Bonaparte*, Marx described and analysed the massive bureaucratisation which the French state had undergone in its Bonapartist form. Referring to the 'executive power with its enormous bureaucratic and military organisation . . . this appalling parasitic body, which enmeshes the body of French society and chokes all its pores', he observed, in a sentence which prefigures his later pronouncements on the Commune, that: 'All revolutions perfected this machine instead of smashing it'. (EB, p. 169) The aggrandisement of the Bonapartist state, he maintained, had effectively resulted in the almost total subjugation of bourgeois society by its own executive power.

In *The Civil War in France*, Marx recorded the further growth of the state power, while emphasising also the continued expansion of its role as an agency of class oppression:

At the same pace at which the progress of modern industry developed, widened, intensified the class antagonism between capital and labour, the State power assumed more and more the character of the national power of capital over labour, of a public

force organised for social enslavement, of an engine of class despotism. (CW, p. 285)

It was this analysis which prompted Marx's graphic characterisation of the Commune:

It was a revolution against the *state* itself, this supernaturalist abortion of society, a resumption by the people for the people of its own social life. It was not a revolution to transfer it from one fraction of the ruling class to the other, but a revolution to break down this horrid machinery of class domination itself. (FD, p. 249)

Had the Commune survived, he concluded, the Communal Constitution 'would have restored to the social body all the forces hitherto absorbed by the State parasite feeding upon, and clogging the free movement of, society'. (CW, p. 289)¹¹

In his account of the Commune, Marx thus moved from the problematic of the de-politicisation of the public power as articulated in the *Manifesto of the Communist Party* to that of the de-institutionalisation of political power, in the realisation of which, as Miliband has remarked, the Commune 'did embody, for Marx, the essential elements of his concept of the dictatorship of the proletariat'. (Miliband, 1965, p. 291) It should be noted, however, that this conception by no means originated with Marx. The affinity of Marx's writings on the Commune with his earlier polemic on the separation of the state and civil society in such works as the *Critique of Hegel's Doctrine of the State* and *The Jewish Question* has been noted by Colletti, who has also drawn attention to the similarity between the concepts articulated in *The Civil War in France* and those developed by Rousseau in *The Social Contract*. The evidence, in his view, demonstrates conclusively the essential (albeit indirect) dependence of Marx's 'political' theory on the ideas of the eighteenth century French philosopher,

... to whom the critique of parliamentarism, the theory of popular delegacy and even the idea of the state's disappearance can all be traced back. This implies in turn that the true *originality* of Marxism must be sought rather in the field of social and economic analysis than political theory.¹²

Fernbach has emphasised that the structural features of the Commune as described by Marx 'do not explicitly demarcate a privileged position for the industrial working class any more than the corresponding features of the bourgeois state, in either its parliamentary, Bonapartist, or fascist variants, do for the bourgeoisie'. (David Fernbach, *Introduction*, MPW, III, 36) This, as he points out, would seem indeed to follow from Marx's view that a social class can only attain hegemony to the extent that its own particular interests coincide with the broader historical movement of the development of social production. In the case of the proletariat Marx considered that its own interests as a class and the universal interest of social progress were absolutely synonymous. He first explained why this was necessarily the case in the *Introduction* to his *Critique of Hegel's Philosophy of Right*:

So where is the *positive* possibility of German emancipation? *This is our answer.* In the formation of a class with *radical chains*, a class of civil society which is not a class of civil society, a class which is the dissolution of all classes, a sphere which has a universal character because of its universal suffering and which lays claim to no *particular right* because the wrong it suffers is not a *particular wrong* but *wrong in general*; a sphere of society which can no longer lay claim to a *historical* title, but merely to a *human* one, which does not stand in one-sided opposition to the consequences but in all-sided opposition to the premises of the German political system; and finally a sphere which cannot emancipate itself without emancipating itself from – and thereby emancipating – all the other spheres of society, which is, in a word, the *total loss* of humanity and which can therefore redeem itself only through the *total redemption* of humanity. This dissolution of society as a particular class is the *proletariat*. (PEW, pp. 243–57)¹³

With the advent of the Commune, the working class was to achieve, albeit temporarily, the historical role as a universal class which Marx had attributed to it in his earlier writings. Hence, in his account of it, Marx emphasised what he saw as its 'all-sided opposition' to the premises of the existing political system:

Only the proletarians, fired by a new social task to accomplish by them for all of society, to do away with all classes and class rule, were the men to break the instrument of that class rule – the state,

the centralized and organized governmental power usurping to be the master instead of the servant of society. (FD, p. 250)

It necessarily followed that the Commune was a genuinely democratic regime through which the political power of the mass of the people could be directly expressed and thus 'a thoroughly expansive political form, while all previous forms of government had been emphatically repressive'. (CW, p. 290)

The Commune, Marx pointed out, established a working alliance with the petty bourgeoisie, which was given a share in government corresponding to its numerical strength. (FD, p. 258) The proletariat, however, remained the hegemonic class, its leadership determining the character of the ruling bloc as a whole: 'the working class was openly acknowledged as the only class capable of social initiative, even by the great bulk of the Paris middle class—shopkeepers, tradesmen, merchants—the wealthy capitalists alone excepted'. (FD, p. 214) The governmental apparatus of the Commune thus served to organise the hegemony of the proletariat as the apparatus of the capitalist state served to organise the hegemony of the bourgeoisie:

As the state machinery and parliamentarism are not the real life of the ruling class, but only the organized general organs of their dominion, the political guarantees and forms and expressions of the old order of things, so the Commune is not the social movement of the working class and therefore of a general regeneration of mankind, but the organized means of action. (FD, pp. 252–3)

Marx emphasised that the establishment of the Commune did not in itself put an end to social antagonisms:

The Commune does not do away with the class struggles, through which the working classes strive to the abolition of classes . . . but it affords the rational medium in which that class struggle can run through its different phases in the most rational and humane way. (FD, p. 253)

The Commune would thus still find it necessary to repress the minority which had a vested interest in the restoration of the old order and which was therefore firmly opposed to its power. With the

extension of the Communal regime, however, this opposition would cease to pose any serious threat:

The Communal organisation once firmly established on a national scale, the catastrophes it might still have to undergo would be sporadic slaveholders' insurrections, which, while for a moment interrupting the work of peaceful progress, would only accelerate the movement, by putting the sword into the hand of the social revolution. (FD, p. 253)

Without doubt, the most significant effect which the experience of the Commune had on the way in which Marx and Engels conceptualised the transition to socialism was that they no longer presented the establishment of the dictatorship of the proletariat and the disappearance of the state as two separate and distinct stages within the transition period. In his account of the Commune, as has already been noted, Marx emphasised that the political power which the proletariat substituted for the bourgeois state was fundamentally different in character from the power which it supplanted; the establishment of the Commune was therefore 'a revolution against the *state* itself'. The principal features of the Communal Constitution as described by Marx delimited the structure of a state which, in Engels' words, was undergoing a process of 'gradual dissolution'. (Engels to van Patten, 18 April 1883, MESC, pp. 340-2) Engels had even argued that: 'The whole talk about the state should be dropped, especially since the Commune, which was no longer a state in the proper sense of the word'. (Engels to Bebel, 18-28 March 1875, MESC, pp. 272-7) The determinant function of the proletarian state form, in contradistinction to that of all others hitherto, was to facilitate its own eventual disappearance. Engels set down his most extended treatment of this thesis in *Anti-Dühring*:

As soon as there is no longer any class of society to be held in subjection; as soon as, along with class domination and the struggle for individual existence based on the former anarchy of production, the collisions and excesses arising from these have also been abolished, there is nothing more to be repressed which would make a special repressive force, a state, necessary. The first act in which the state really comes forward as the representative of society as a whole—the taking possession of the means of

production in the name of society—is at the same time its last independent act as a state. The interference of the state power in social relations becomes superfluous in one sphere after another, and then ceases of itself. The government of persons is replaced by the government of things and the direction of the process of production. The state is not “abolished”, *it withers away*. (AD, p. 315)

When this part of *Anti-Dühring* was revised for publication as *Socialism, Utopian and Scientific*, Engels added the following:

Socialised production upon a predetermined plan becomes henceforth possible. The development of production makes the existence of different classes of society thence forth an anachronism. In proportion as anarchy in social production vanishes, the political authority of the state dies out. (SUS, p. 428)

The concept of the substitution of ‘the government of things and the direction of the process of production’ for ‘the government of persons’ did not, it should be noted, originate with Marx and Engels, but was first expounded by the ‘utopian socialist’ Henri de Saint-Simon.¹⁴ It was Saint-Simon who first articulated the idea of a planned and collectively-owned mode of production based on modern industry and technology as an alternative to the anarchy of capitalist production. In its Saint-Simonian version, however, this conception had no specific connection with the working class movement and the aim of proletarian emancipation.¹⁵

It is perhaps surprising that, although the conscious regulation of the economy was so intrinsically a part of the Marxist concept of the socialist mode of production, there are few references to planning as such in the writings of Marx and Engels. Apart from a few general comments about the planned distribution of labour-time in future communist society in the *Grundrisse* and the first and third volumes of *Capital*, Marx’s best-known and most explicit statement on this theme occurs in *The Civil War in France*:

If co-operative production is not to remain a sham and a snare; if it is to supersede the Capitalist system; if united co-operative societies are to regulate national production upon a common plan, thus taking it under their own control, and putting an end

to the constant anarchy and periodical convulsions which are the fatality of Capitalist production – what else, gentlemen, would it be but Communism, “possible” Communism? (CW, p. 291)

There is virtually nothing to be found in the works of Marx and Engels on the concrete forms of planning within the socialist mode of production, although this is altogether more understandable in view of their professed aversion to the construction of ‘blueprints’ for the future socialist society. Indeed, the only comment of any substance on this question is that by Engels in *Anti-Dühring*:

From the moment when society enters into possession of the means of production and uses them in direct association for production, the labour of each individual, however varied its specifically useful character may be, is immediately and directly social labour. The quantity of social labour contained in a product has then no need to be established in a roundabout way; daily experience shows in a direct way how much of it is required on the average . . . It is true that even then it will still be necessary for society to know how much labour each article of consumption requires for its production. It will have to arrange its plan of production in accordance with its means of production, which include, in particular, its labour forces. The useful effects of the various articles of consumption, compared with each other and with the quantity of labour required for their production, will in the last analysis determine the plan. People will be able to manage everything very simply, without the intervention of the famous “value”. (AD, pp. 345–6)

Marx, as his comments in the *Critique of the Gotha Programme* demonstrate, undoubtedly shared Engels’ prognosis, equating the establishment of the collective ownership of the means of production with the abolition of commodity exchange and the law of value. There are, however, serious objections to such a view (see Chapter 5).

Marx and Engels added an important proviso to their conception of the disappearance of the state. As long as its class adversary still existed, the proletariat would still need the state, both to maintain its own social supremacy, and to remodel all levels (and particularly the economic) of the social formation in accordance with its own class interests. Marx expressed this thesis with particular clarity in his *Conspectus of Bakunin’s “Statism and Anarchy”*:¹⁶

. . . so long as the other classes, especially the capitalist class, still exists, so long as the proletariat struggles with it (for when it attains government power its enemies and the old organization of society have not yet vanished), it must employ *forcible* means, hence governmental means. It is itself still a class and the economic conditions from which the class struggle and the existence of classes derive have still not disappeared and must be either removed out of the way or transformed, this transformation process being forcibly hastened. (MPW, III, 333–8).

In his article *Political Indifferentism*, originally published as a companion piece to Engels' *On Authority*, Marx pointed out how, 'if the workers replace the dictatorship of the bourgeois class with their own revolutionary dictatorship', they, in so doing, 'give to the state a revolutionary and transitory form'. (MPW, III, 327–32) It was with the same conception in mind that Engels polemicised against the Lassallean idea of a 'free state', to which Marx had already addressed himself in his *Critique of the Gotha Programme*:

Since the state is only a transitional institution which is used in the struggle, during the revolution, to hold down one's adversaries by force, it is pure nonsense to talk of a free people's state: so long as the proletariat still *uses* the state, it does not use it in the interests of freedom but in order to hold down its adversaries, and as soon as it becomes possible to speak of freedom the state as such ceases to exist. (Engels to Bebel, 18–28 March 1875, MESC, pp. 272–7)

Unfortunately, some of Engels' later writings seem to obscure rather than clarify the question of the political form of the proletarian dictatorship. In *A Critique of the Draft Social-Democratic Programme of 1891*, Engels stated that:

If one thing is certain it is that our Party and the working class can only come to power under the form of a democratic republic. This is even the specific form for the dictatorship of the proletariat, as the Great French Revolution has already shown . . .¹⁷

Lenin commenting on this passage, supposed Engels to be arguing that the extension of democracy inevitably gives rise to an upsurge

of class struggle and to popular demands whose realisation entails the emergence of the dictatorship of the proletariat. (SR, p. 314)

This confusion may, as Miliband suggests, derive from the fact that Marx supported the establishment of the democratic republic while simultaneously denouncing its class (bourgeois) character, although the contradiction is only an apparent one, since Marx acknowledged it to be the most progressive form of bourgeois regime (and therefore wished to see it supplant the more backward and absolutist state forms) without losing sight of the fact that it remained a system of class rule. It was, nevertheless, on the basis of passages such as that just cited from Engels, that Kautsky argued that the concept of the dictatorship of the proletariat was meant to designate the social character of the state power rather than the actual form of government. Starting from the premise that a class 'can rule, but not govern, for a class is a formless mass, while only an organisation can govern', Kautsky maintained that Marx conceived the proletarian dictatorship as being merely 'a condition which must necessarily arise when the proletariat has conquered political power'.¹⁸

An examination of Marx's writings on the Commune would seem to destroy any possible basis for such a view, perhaps most notable, in this context, being the passage in which he described the Commune as 'essentially a working-class government, the produce of the struggle of the producing classes against the appropriating class, the political form at last discovered under which to work out the emancipation of labour'. (CW, p. 290) Miliband is surely correct in concluding that, for Marx, the dictatorship of the proletariat constituted

. . . *both* a statement of the class character of the political power *and* a description of the political power itself . . . it is in fact the nature of the political power which it describes which guarantees its class character. (Miliband, 1965, pp. 289-90)

THE ECONOMY IN THE TRANSITION PERIOD

It has been argued by Buick that the transition period between capitalist and communist society did not represent, for Marx, the

period between the establishment of the common ownership of the means of production and the time when the principle of 'from each according to his ability, to each according to his needs' would be implemented, but was rather the stage after the proletariat's seizure of political power and before the nationalisation of the means of production. He maintains that it was, in effect, 'the period during which the working class would be using state power to bring the means of production into common ownership'. (Buick, 1975, p. 59)

With reference to Marx's distinction, in the *Critique of the Gotha Programme*, between the first, or lower, and the higher phase of communist society, Buick contends that:

. . . Marx is talking of different phases of the *same* society, a society "based on the common ownership of the means of production", i.e. a classless, stateless society with no wages or monetary system . . . No doubt one could speak of a transition from the "first" to a higher phase of socialism, but the fact remains that Marx did not employ the concept of "transition period" in this sense. For him . . . it was the transition from capitalism to socialism and not from one phase of socialism to another. (Buick, 1975, p. 61)

The principal target of Buick's critique would seem to be Mandel, whose conception of the 'transitional society' he is concerned to refute. (See, e.g. Mandel, 1974a, *passim*). It must be recognised that there are, indeed, passages in the writings of Marx and Engels which would appear to support Buick's thesis. They did emphasise, however, that: 'Communism is not for us a *state of affairs* which is to be established, an *ideal* to which reality will have to adjust itself. We call communism the *real* movement which abolishes the present state of things'. (GI, pp. 56-7) Precisely because the 'present state of things' is itself a contingent and not an absolute or 'given' factor, it necessarily follows that the specific character and content of the tasks to be accomplished during the transition period by 'the proletariat organised as the ruling class', and the periodisation of these tasks, cannot be arbitrarily defined in advance, except in the most general sense.

The most important factor to condition the nature of the transition period must certainly be the level of development attained by the productive forces. It was, indeed, their changing

assessment of this factor in different conjunctures which prompted Marx and Engels to revise their views on the degree to which the abolition of the capitalist mode of production could be regarded as being an imminently realisable prospect (see below).

Moreover, the nationalisation of the means of production was only one of the tasks posited for the working class during the transition period, as is clear from Marx's exposition of the concept of proletarian dictatorship in *The Class Struggles in France*, in which it is depicted as the suppression of all the conditions of existence of capitalist social relations of production. Inseparable from this conception, as Marx made clear in his account of the Commune, would be the elimination of bureaucracy and thereby the restoration to the social body proper of 'all the forces hitherto absorbed by the State parasite feeding upon, and clogging the free movement of, Society'. (CW, p. 289) And, as a matter of course, the victorious proletariat would be obliged to take measures 'to increase the total of productive forces as rapidly as possible'. (MAN, p. 52). If the realisation of all these tasks is already posited at the inception of 'the first phase of communist society', it would indeed be difficult to understand Marx's own characterisation of the transitional social formation:

What we have to deal with here is a communist society, not as it has *developed* on its own foundations, but, on the contrary, just as it *emerges* from capitalist society; which is thus in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society from whose womb it emerges. (GP, p. 319)

It is surely an unnecessarily formalistic methodology which differentiates between one series of tasks, supposedly peculiar to the transition period between capitalist and communist society, and another series, to be achieved during the transition from the lower to the higher phase of communist society. Notwithstanding the inevitably provisional nature of Marx's formulations of the character and content of the transition, he would certainly have rejected such an abstract schema.

What is clear is that Marx envisaged an evolution of the mode of distribution during the transition period, which would differ in the first and the higher phases of communist society in correspondence with the level of development attained by the forces of production. In the first phase, distribution would be effected in accordance with

the labour-time contributed by each individual, mediated through the issue of vouchers exchangeable against consumption goods. This phase would be, in its essentials, identical with what Marx had in his earlier works described as 'crude communism' (although he had then used the term in a pejorative sense to characterise vulgar conceptions of the abolition of the capitalist mode of production), in that:

. . . the community is simply a community of *labour* and equality of *wages*, which are paid out by the communal capital, the *community* as universal capitalist. Both sides of the relation are raised to an *imaginary* universality—*labour* as the condition in which everyone is placed and *capital* as the acknowledged universality and power of the community.¹⁹

In the *Critique of the Gotha Programme* he explained the basis of distribution in the first phase of communist society:

Here obviously the same principle prevails as that which regulates the exchange of commodities, as far as this is exchange of equal values. Content and form are changed, because under the altered circumstances no one can give anything except his labour, and because, on the other hand, nothing can pass to the ownership of individuals except individual means of consumption. But, as far as the distribution of the latter among the individual producers is concerned, the same principle prevails as in the exchange of commodity-equivalents: a given amount of labour in one form is exchanged for an equal amount of labour in another form. (GP, pp. 319–20)

It could therefore be said, Marx observed, that 'equal right' is still in principle during the first phase of communist society, although this is in reality 'bourgeois right' and 'a right of inequality'. Since equality in this instance consists in the fact that each individual's contribution to society and hence his or her entitlement to consumption goods is measured in labour-time, as an 'equal standard', it follows, precisely by virtue of the fact that 'it tacitly recognises unequal individual endowment and thus productive capacity as natural privileges', that 'equal right is an unequal right

for unequal labour'. (GP, p. 320) Marx emphasised, moreover, that:

. . . one worker is married, another not; one has more children than another, and so on and so forth. Thus, with an equal performance of labour, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right instead of being equal would have to be unequal. (GP, p. 320)

It must be recognised, he concluded, that:

. . . these defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. Right can never be higher than the economic structure of society and its cultural development conditioned thereby.

In a higher phase of communist society, after the enslaving subordination of the individual to the division of labour, and therewith also the antithesis between mental and physical labour, has vanished; after labour has become not only a means of life but life's prime want; after the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly – only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs! (GP, pp. 320–1)

The assessment by Marx and Engels of the viability of the establishment of a society based on the collective ownership of the means of production as an immediate aim had, in their earlier writings, been a distinctly qualified one. In 1847 Marx had argued that:

If the proletariat destroys the political rule of the bourgeoisie, that will only be a temporary victory, only an element in the service of the bourgeois revolution itself, as in 1794, so long as in the course of history, in its "movement", the material conditions are not yet created which make necessary the abolition of the

bourgeois mode of production and thus the definitive overthrow of bourgeois political rule.²⁰

Engels, too, in his preliminary draft for the *Manifesto of the Communist Party*, denied that it would any more be possible to abolish private property all at once than that the existing forces of production could:

. . . at one stroke be multiplied to the extent necessary for the creation of a communal society. In all probability, the proletarian revolution will transform existing society gradually and will be able to abolish private property only when the means of production are available in sufficient quantity. (PC, p. 13)

In the *Manifesto* itself, however, any doubts which Marx and Engels might have had about the 'ripeness' of the material conditions for the abolition of the capitalist mode of production were put aside.

Reviewing this period almost four decades later, in his *Introduction* to Marx's *The Class Struggles in France*, Engels wrote that: 'History has proved us, and all who thought like us, wrong. It has made it clear that the state of economic development on the Continent was not, by a long way, ripe for the elimination of capitalist production'. (CSF, p. 12) Engels might not then, it may be supposed, have excluded such an eventuality in the case of the first social formation to undergo capitalist industrialisation, Britain. In any event, by 1872, he felt himself able to put forward, as a generalisation, the proposition that the industrial revolution had

. . . raised the productive power of human labour to such a high level that—for the first time in the history of mankind—the possibility exists, given a rational division of labour among all, of producing not only enough for the plentiful consumption of all members of society and for an abundant reserve fund, but also of leaving each individual sufficient leisure so that what is really worth preserving in historically inherited culture—science, art, forms of intercourse—may not only be preserved but converted from a monopoly of the ruling class into the common property of the whole of society, and may be further developed. (HQ, p. 565)

Six years later, he reiterated the same thesis even more emphatically:

The possibility of securing for every member of society, through social production, an existence which is not only fully sufficient from a material standpoint and becoming richer from day to day, but also guarantees to them the completely unrestricted development and exercise of their physical and mental faculties – this possibility now exists for the first time, but it *does exist*. (AD, p. 317)

This was evidently an exaggeration, at least if it was meant to be understood literally, as opposed to being a polemical overstatement of an essentially valid argument, namely, the case for the implementation of socially planned production. Even in the most advanced of the contemporary capitalist countries, it would not be possible to inaugurate the ‘first phase of communist society’, certainly as Marx and Engels saw it, that is, as a social formation in which commodity production had been eliminated (see below, Chapter 5). As Mandel has pointed out, however:

If the capitalist mode of production were to be abolished on the world scale it would be possible to go over at once, without any transition other than that required by political events, to the organisation of an economy in which commodity production is abolished and which adapts men’s productive efforts to the satisfaction of current needs. The only condition for such a rapid and far-reaching transformation would be *restriction of needs to the most elementary ones*. . . .

The productive forces at mankind’s disposal today make it possible to satisfy these needs without any transitional phase of accumulation or further industrial progress. Existing productive forces would, of course, have to be redistributed on a colossal scale . . . (Mandel, 1968, p. 608)

Clearly, though, the implementation of the principle of ‘from each according to his ability, to each according to his needs’ is by no means such a proximate possibility, and must, even on the most optimistic prognosis, remain a distinctly long-term prospect. It will, of necessity, require a vast expansion of the productive forces (‘socialist accumulation’), not only towards the suppression of commodity production and the regulatory capacity of the law of value, but also in order to attain the drastic reduction in necessary labour-time which is essential if the division of labour is to be

overcome and the 'withering-away' of classes and the state thereby facilitated. This possibility can nevertheless be realised only in the context of an authentic proletarian political practice and the successful culmination of the class struggle.

RUSSIA AND THE PROLETARIAN REVOLUTION

In his *Preface to A Contribution to the Critique of Political Economy*, Marx stated that:

No social order ever perishes before all the productive forces for which there is room in it have developed; and new, higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself. Therefore mankind always sets itself only such tasks as it can solve; since, looking at the matter more closely, it will always be found that the task itself arises only when the material conditions for its solution already exist or are at least in the process of formation. (MESW/1, pp. 180-4)

It is undeniable that Marx's conception of socialism was premised on the existence of a very high level of development of the productive forces, including the proletariat itself. Marx did not believe, however, that the form in which this development was achieved was itself rigidly determined. Thus, the passage cited above must be qualified with reference to a series of statements which occur in both his and Engels' writings, in which they explicitly repudiated any attempt to transform the 'historical sketch of the genesis of capitalism in Western Europe' set out in *Capital* into 'an historico-philosophic theory of the general path of development prescribed by fate to all nations'. (Marx to *Otechestvenniye Zapiski*, November 1877, MESC, pp. 291-4)

In 1881, in correspondence with Vera Zasulich, Marx emphasised that the 'historical inevitability' of the origins of the capitalist mode of production depicted in *Capital* was 'expressly limited to the countries of Western Europe'. (Marx to Zasulich, 8 March 1881, MESC pp. 319-20) The point at issue in this exchange, as in Marx's earlier letter to the editorial board of *Otechestvenniye Zapiski*, was the possibility that the village commune (*obshchina*) might come to constitute the basis for a socialist

transformation in Russia. It was precisely this thesis which formed the central programmatic tenet of the *Narodniki*, a grouping of populist intellectuals which emerged in Russia during the 1870's (though prefigured in the ideas of Alexander Herzen some twenty years earlier).

Marx himself reached the conclusion, in his 1877 letter, that it would indeed be possible for Russia to initiate the transition to socialism without having to undergo 'all the fatal vicissitudes of the capitalist regime', in particular, the dispossession of the peasantry and the creation of a proletariat 'free' to sell its labour-power, which would imply the liquidation of the *obshchina*. Engels had already arrived at an essentially similar conclusion two years earlier in his article *On Social Relations in Russia*, although he emphasised the dependence of socialist transformation in Russia on simultaneous proletarian revolution in Western Europe.²¹ In 1882, in the *Preface* to the Russian edition of the *Manifesto of the Communist Party*, Marx and Engels set out their joint conclusion:

If the Russian revolution becomes the signal for a proletarian revolution in the West, so that both complement each other, the present Russian common ownership of land may serve as the starting point of a communist development. (MESW/2, I, 22-4)

Engels was subsequently, during the 1890s, to revise the perspective which he and Marx had espoused in 1882, adopting, in effect, the view of Plekhanov (who had himself rejected agrarian populism after the demise of the *Narodnovoltsy*, following their assassination of the Tsar in March 1881) according to which Russia had already entered its phase of capitalist development, which would inevitably create an indigenous proletariat and, in so doing, the agency which would itself resolve the question of the mode of socialist transformation.²² Although the Russian Marxist current launched by Plekhanov (who in 1883, with Paul Axelrod and Vera Zasulich, founded the 'Emancipation of Labour' group) dissociated itself from all belief in the imputed socialist potential of the rural commune system, it still adhered to the thesis, as articulated in the 1882 *Preface* to the *Manifesto*, of Russia's essential dependence on the proletarian revolution in Europe as a complement to its own socialist transformation. In itself, this thesis had a much more general basis, which was often enough stated in the writings of Marx and Engels. Thus, for example, the Provisional Rules which Marx

drew up for the First International contained the emphatic assertion that:

. . . the emancipation of labour is neither a local nor a national, but a social problem, embracing all countries in which modern society exists, and depending for its solution on the concurrence, practical and theoretical, of the most advanced countries . . . (MPW, III, 82-4)

It was precisely this premise on which Trotsky based his opposition to Stalin's 'socialism in one country'.

The actuality of socio-economic development in Russia proved to be more complex than Marx and Engels had envisaged, which should not be found surprising, particularly in view of their inevitably incomplete apprehension of the nature and consequences of imperialist expansion. The most significant feature of this expansion proved to be the phenomenon of uneven and combined development, as a function of which capitalist social relations of production came to interpenetrate and subordinate the pre-existing socio-economic forms in Russia and other 'backward' countries.²³ The Russia of 1917 was not, although a superficial analysis might have suggested it, essentially feudal, but was rather characterised by an incomplete form of capitalist development, the central political consequence of which was that the national bourgeoisie was incapable of carrying through the bourgeois-democratic revolution, that is, of restructuring the political and ideological levels of the social formation under its own hegemony.

In the event, the Russian revolution was not to have, as Lenin believed until April 1917 (and as the Mensheviks continued thereafter to assert), a bourgeois-democratic character, as encapsulated in the slogan of 'the revolutionary-democratic dictatorship of the proletariat and the peasantry', but was rather to be an immediately socialist event. This had already received its theoretical expression in Trotsky's theory of permanent revolution, first formulated as a result of the experience of the abortive 1905 revolution.²⁴ The implications of this concept were in essence that

. . . the necessary *logical* distinction between the two revolutionary stages could not be transposed into a simple *chronological* succession within the real, historical process. That process, on the contrary, would so thoroughly combine with one another not just

particular elements of the bourgeois and proletarian revolutions, but their substantive contents—a peasant agrarian revolution with the establishment of a worker's state, the destruction of the Tsarist state apparatus with the first encroachments on capitalist property—as to confute any neat or clear-cut historical periodization. (Geras, 1975, p. 26)

With the elaboration in 1917 of his *April Theses*, Lenin, too, came to see the realisation by the proletariat of the tasks of the bourgeois-democratic revolution as being necessarily the consequence rather than the precondition of the socialist revolution. Russia took the road of proletarian revolution, in Trotsky's words

. . . not because her economy was the first to become ripe for socialist change, but because she could not develop further on a capitalist basis. Socialization of the means of production had become a necessary condition for bringing the country out of barbarism. (RB, p. 5)

There was, however, a price to be paid this precocity, in that

. . . the establishment of socialist forms of property in the backward country came up against the inadequate level of technique and culture. Itself born of the contradictions between high world productive forces and capitalist forms of property, the October revolution produced in its turn a contradiction between low national productive forces and socialist forms of property. (RB, p. 300)

In 1858, Marx had written to Engels:

The difficult question for us is this: on the Continent the revolution is imminent and will moreover immediately assume a socialist character. Is it not bound to be crushed in this little corner, considering that in a far greater territory the movement of bourgeois society is still in the ascendant? (Marx to Engels, 8 October 1858, MESC, pp. 103–4)

Almost six decades later, the same question was posed *de facto* rather than *ex hypothesi* with the success of the October Revolution. The problematic of the dictatorship of the proletariat and the transition

period which had occupied Marx and Engels in theory now confronted the Bolshevik Party, and in particular Lenin and Trotsky, as the two principal architects of its seizure of state power. Their response to it shaped the subsequent development of the world's first workers' state.

2 Lenin and the Bolshevik Experience

THE SOVIET PHENOMENON

Lenin's best-known and most extended treatment of the dictatorship of the proletariat and the transition period is to be found in his 1917 text *The State and Revolution*, written immediately before the Bolshevik Party's seizure of power. The point of departure for this work is Marx's assertion, in *The Civil War in France*, that 'the working class cannot simply lay hold of the ready-made state machinery and wield it for its own purposes'. Following the conclusion to which Marx and Engels had been led in their appraisal of the Commune, Lenin argued that the proletariat must, on seizing power, smash and destroy the existing state apparatus, as the political form in which was inscribed its own socio-economic subjugation.

Lenin's emphasis on the destruction of the bourgeois state apparatus¹ did not imply, however, that the revolution could be equated with violence, or that the degree or extent of violence could be taken as being indicative of the measure of its success. As Colletti has stated:

The essential point of the revolution, the *destruction* it cannot forgo (and of which violence is not in itself a sufficient guarantee) is rather the destruction of the bourgeois State as a power *separate* from and *counterposed* to the masses, and its replacement by a power of a new type. (Colletti, 1972, p. 220)

The proletarian revolution, Colletti emphasises, therefore involves not only the transfer of power from one class to another, but constitutes also the replacement of one type of power by another, both aspects being necessarily interlinked 'because the working class that seizes power is the working class that governs itself'.

The bourgeois state apparatus, Lenin argued in *The State and Revolution*, would actually be supplanted by 'something which was no longer the state proper', that is, by 'a state so constituted that it begins to wither away immediately, and cannot but wither away', the essence of this change being 'a gigantic replacement of certain institutions by other institutions of a fundamentally different type'. Although, again following Marx and Engels, he maintained that the new proletarian state would consist of 'the proletariat armed and organised as the ruling class', there are few indications in the work as to what would be the specific form (as opposed to the general character) of the institutions of proletarian rule. Lenin did suggest, however, that under the dictatorship of the proletariat

. . . *the people* can suppress the exploiters even with a very simple "machine", almost without a "machine", without a special apparatus, by the simple *organisation of the armed people* (such as the Soviets of Workers' and Soldiers' Deputies . . .). (SR, p. 329)

Elsewhere in the text, he referred to the replacement of bourgeois ministries by 'committees of specialists working under sovereign, all-powerful Soviets of Workers' and Soldiers' Deputies', and to

. . . the conversion of all citizens into workers and other employees of one huge "syndicate"—the whole state—and the complete subordination of the entire work of this syndicate to a genuinely democratic state, the state of the Soviets of Workers' and Soldiers' Deputies. (SR, p. 334)

The soviets had first come into existence during the events of 1905, the earliest known being the result of spontaneous action by striking workers (the St. Petersburg Soviet, in which Trotsky played a major role, was among the first to be formed). According to Carr, Lenin's attitude towards the soviets at this time was 'somewhat lukewarm'. (BR, I, 95) This is not, however, apparent in Lenin's writings of the period. There is nevertheless no substantive basis for Cliff's assertion that 'almost from the outset' Lenin apprehended the role of the soviets as 'the form of future workers' power'.² While the title of Lenin's article of 23 November 1905³ might appear to be supportive of such an interpretation, his appraisal of the soviets was clearly quite different. In the text, he refers to the soviets 'and other revolutionary associations' as constituting 'a provisional revoluti-

onary government', which he saw as being both 'an organ of power of the people which temporarily assumes the duties of a government that has collapsed' and 'the organ of insurrection, uniting all who have risen in revolt and exercising political leadership of the insurrection'. In a subsequent article entitled *Socialism and Anarchism* Lenin stated, more explicitly, that: 'The Soviet of Workers' Deputies is not a labour parliament and not an organ of proletarian self-government, nor an organ of self-government at all, but a fighting organisation for the achievement of definite aims'. (Lenin, CW, X, 71-4)

The rejection of Cliff's implicit contention that Lenin's evaluation of the soviets in 1905 prefigures his account of their role in works written during and after 1917 does, however, serve to draw attention to a problem entailed in any attempt to situate the latter in the development of Lenin's thought. This is the apparent absence, in his writings, of any theoretical antecedents of the 'anti-statism' of *The State and Revolution* (with the exception of his notes of January - February 1917,⁴ from which that work was assembled, and a number of subsequent articles: see below). Cohen has pointed out that while Anton Pannekoek (whose polemic with Kautsky on the state Lenin documented in *The State and Revolution*: see SR, pp. 344-9) and the Swede Zeth Höglund had both resurrected the theme of the need to destroy the bourgeois state apparatus articulated in the writings of Marx and Engels on the Commune, Bukharin was the first Bolshevik theorist to address himself to it. He maintains that 'Lenin had not thought about the matter before Bukharin raised it', and hence that while 'Lenin's authority legitimized anti-statism . . . the true initiative was Bukharin's'. (Cohen, 1974, pp. 41 and 43 respectively) Sawyer, similarly, has argued that Lenin's conception of the transitional state emerged during the course of his work on a reply to Bukharin's 1916 article *The Imperialist Robber State*, an earlier version of which he had refused publication in the party's theoretical journal. (Sawyer, 1977, pp. 214-21) This contrasts sharply with the conventional view, recently restated by Anderson, that Lenin's new theoretical stance evolved as a response to the concrete experience of the recrudescence of the soviets early in 1917. (See Anderson, 1976, p. 116) In any event, Lenin certainly went beyond the views of Pannekoek and Bukharin in actually identifying the soviets with the new state form of the dictatorship of the proletariat,⁵ prefigured in the Paris Commune (Pannekoek, writing in 1912, had done no more than claim that the events of

seven years earlier in Russia had demonstrated the necessity of extra-parliamentary mass action, leading to the creation of an alternative working-class power structure transcending bourgeois-democratic political forms).

In March 1917, following the revival of the Petrograd Soviet in the previous month, Lenin wrote in his *Letters from Afar* that it represented an 'unofficial, as yet undeveloped and comparatively weak workers' government' or 'the embryo of a workers' government'. (Lenin, CW, XXIII, 297-342)⁶ At the same time he argued, prefiguring *The State and Revolution*, that the proletariat must smash the existing state apparatus, substituting for it the armed people.

In *The Dual Power*, written in April 1917, Lenin expanded his account of a month before, declaring that

Alongside the Provisional Government, the government of the *bourgeoisie*, another government has arisen, so far weak and incipient, but undoubtedly a government that actually exists and is growing – the Soviet of Workers' and Soldiers' Deputies. . . . It is a revolutionary dictatorship, i.e., a power directly based on revolutionary seizure, on the direct initiative of the people from below, and *not on a law* enacted by a centralised state power. (Lenin, CW, XXIV, 38-41)

The concept of dual power – the existence, alongside the bourgeois governmental institutions, of organs of working-class power – was by no means a new one, having already been expounded in Marx's *Address to the Central Committee of the Communist League* of March 1850. Marx had emphasised that, parallel with the bourgeois governments, the workers

. . . must simultaneously establish their own revolutionary workers' governments, either in the form of local executive committees and councils or through workers' clubs or committees, so that the bourgeois-democratic governments not only lose the support of the workers but find themselves from the very beginning supervised and threatened by authorities behind which stand the whole mass of the workers. (MPW, I, 319-30)⁷

Lenin reiterated his views on the soviets in other works written during April 1917, most notably his *Letters On Tactics* and *The Tasks of the Proletariat in Our Revolution*, in which he also touched on some of

the associated themes which were to receive their fullest treatment in *The State and Revolution*. Surprisingly, the last-mentioned, Lenin's major work of 1917, contains no definitive statement of his conception of the role of the soviets, to which there are only two or three concrete references in the entire text. His most explicit characterisation of their function is rather to be found in a number of works which appeared in the following year.

In *The Immediate Tasks of the Soviet Government*, Lenin declared that

. . . Soviet power is nothing but an organisational form of the dictatorship of the proletariat, the dictatorship of the advanced class, which raises to a new democracy and to independent participation in the administration of the state tens upon tens of millions of working and exploited people, who by their own experience learn to regard the disciplined and class-conscious vanguard of the proletariat as their most reliable leader. (Lenin, 'Tasks', p. 422)

In his *Letter to American Workers*, Lenin described the soviets as 'a new and higher type of democracy, a form of the proletarian dictatorship, a means of administering the state without the bourgeoisie and against the bourgeoisie'. (LSW/I, pp. 456-67) Again, in his polemic against Kautsky, he wrote that: 'The Soviets are the direct organisation of the toiling and exploited masses themselves, which helps them to organise and administer their own state in every possible way'. (Lenin, 'Kautsky', p. 62)

The emphasis in all three passages just cited is very much on the democratic and mass participatory character of the soviet system. Inseparable from this aspect of the system is the problem of bureaucracy and the elaboration of measures to combat it and ultimately eliminate it, which is actually one of the major themes of *The State and Revolution*. At this time, Lenin saw those measures described by Marx in his writings on the Commune as being fully adequate to this end, citing with approval Engels' summary of these in his *Preface to The Civil War in France*. Paraphrasing this, Lenin wrote that:

The workers, after winning political power, will smash the old bureaucratic apparatus, shatter it to its very foundations, and raze it to the ground; they will replace it by a new one, consisting of the very same workers and other employees, *against* whose

transformation into bureaucrats the measures will at once be taken which were specified in detail by Marx and Engels: 1) not only election, but also recall at any time; 2) pay not to exceed that of a workman; 3) immediate introduction of control and supervision by *all*, so that *all* may become "bureaucrats" for a time and that, therefore, *nobody* may be able to become a "bureaucrat". (SR, p. 343)

It was not possible, Lenin acknowledged, to eliminate bureaucracy 'at once, everywhere and completely'. What was necessary was to begin to convert the functions of the bureaucracy into simplified administrative operations within the competence of the mass of the population. This, for Lenin, was the practical meaning of the abolition of the state and the de-institutionalisation of political power projected by Marx, and before him by Rousseau. One of its conditions of possibility was the establishment of universal literacy (SR, p. 336); another, as he (and Marx) recognised, was the progressive expansion of the productivity of labour, 'thus making it possible to reduce the working day to seven, six, or even fewer hours'. (Lenin, 'Tasks', p. 414; cf. CAP, III, 820) The conception of 'control and supervision by all' to which Lenin had referred was enshrined in the Programme adopted at the Eighth Party Congress in March 1919, which advocated the involvement of every member of a soviet in some function of administration, with a continuous rotation of offices among those so engaged, and the progressive drawing-in of wider layers of the masses to administrative work. The same theme received even more explicit expression in the popular manual produced by the joint authors of the 1919 Programme, which declared that the object of proletarian rule must be 'to replace the old officialdom by the masses themselves'. (ABC, p. 237) In *The State and Revolution*, Lenin had written that: 'The more democratic the "state" which consists of the armed workers, and which is "no longer a state in the proper sense of the word", the more rapidly *every form* of state begins to wither away'. (SR, p. 337) Paralleling this, Bukharin and Preobrazhensky argued that: 'The more extensive this participation of the masses is, the sooner will the dictatorship of the proletariat die out'. (ABC, p. 240)

It was, Lenin emphasised, precisely in terms of their relation to participation and to the representation of class interests that the different structures of bourgeois and soviet (proletarian) democracy must be understood:

The old, i.e., bourgeois, democracy and the parliamentary system were so organised that it was the mass of working people who were kept farthest away from the machinery of government. Soviet power, i.e., the dictatorship of the proletariat, on the other hand, is so organised as to bring the working people closer to the machinery of government. That, too, is the purpose of combining the legislative and executive authority under the Soviet organisation of the state and of replacing territorial constituencies by production units – the factory.⁸

By analogy with Marx's outline of the prospective national organisation of the Commune, the soviet system was structured in a tiered pyramid, the soviet organisations in each tier electing delegates, fully revocable, to the tier above, from local to national level. While it is clear that even before Lenin's death, the concentration of power in central institutions at the expense of the local soviets and congresses of soviets and their organs was well advanced, the democratic potential inherent in the soviet system could never be completely effaced. It is therefore significant that one of the major provisions of the new constitution promulgated in 1936 effected the reversion from a representative system based on the units of production to the territorially organised system of direct elections characteristic of the bourgeois-democratic regime.

In one important respect, Lenin's treatment of the transition to socialism goes beyond that of Marx and Engels: his account, in *The State and Revolution*, of 'the economic basis of the withering away of the state'. Marx had distinguished between the first, or lower, and the higher phases of communist society, each of which was characterised by a different mode of distribution (see Chapter 1). Lenin, commenting on Marx's account, chose to designate these two phases as being, respectively, those of 'socialism' and of 'communism' proper.⁹ Like Marx, however, he characterised the first phase of the transition as marked by the continued existence of bourgeois norms of distribution. Developing this thesis, Lenin wrote that:

In its first phase, or first stage, communism *cannot* as yet be fully mature economically and entirely free from traditions or vestiges of capitalism. Hence the interesting phenomenon that communism in its first phase retains "the narrow horizon of *bourgeois* right". Of course, bourgeois right in regard to the distribution of

consumer goods inevitably presupposes the existence of the *bourgeois state*, for right is nothing without an apparatus capable of *enforcing* the observance of the standards of right.

It follows that under communism there remains for a time not only bourgeois right, but even the bourgeois state, without the bourgeoisie! (SR, p. 335)

Lenin did not mean by this that the capitalist state as such survives during the transition period, but referred rather to the dual role in which the proletarian state apparatus was necessarily cast in its enforcement of differentials within the sphere of distribution simultaneously with its safeguarding of the collective ownership of the means of production. Only when the material preconditions for the implementation by society of the principle 'from each according to his ability, to each according to his needs' had been fulfilled would this regulatory capacity of the state become superfluous:

The state withers away insofar as there are no longer any capitalists, any classes, and consequently, no *class* can be *suppressed*.

But the state has not yet completely withered away, since there still remains the safeguarding of "bourgeois right", which sanctifies actual inequality. For the state to wither away completely, complete communism is necessary. (SR, p. 332)

Lenin himself never developed this concept further, but it was subsequently to form the starting point for Trotsky's analysis of the bureaucratic degeneration of the Soviet state.

As did Marx and Engels, Lenin emphasised that the establishment of the dictatorship of the proletariat by no means signified the end of class struggle, which 'merely assumes different forms' dictated by the '*specific* tasks of the class struggle, tasks which the proletariat formerly did not and could not have set itself'. (Lenin, 'Economics', pp. 503-4) He referred, more concretely, to

... a new and higher form of struggle against the bourgeoisie, the transition from the very simple task of further expropriating the capitalists to the much more complicated and difficult task of creating conditions in which it will be impossible for the bourgeoisie to exist, or for a new bourgeoisie to arise. (Lenin, 'Tasks', pp. 405-6)

This, clearly, was nothing less than the ultimate objective of the economic, political, and ideological practice of proletarian dictatorship: the suppression of the social division of labour and the conditions of reproduction of class relations.

There was, it should perhaps be noted, another sense in which Lenin's conceptualisation of the transition went beyond that of Marx and Engels. In an article written on the second anniversary of the October Revolution, he averred that:

Theoretically, there can be no doubt that between capitalism and communism there lies a definite transition period which must combine the features and properties of both these forms of social economy. This transition period has to be a period of struggle between dying capitalism and nascent communism – or, in other words, between capitalism which has been defeated but not destroyed and communism which has been born but is still very feeble.

The necessity for a whole historical era distinguished by these transitional features should be obvious not only to Marxists, but to any educated person who is in any degree acquainted with the theory of development. (Lenin, 'Economics', p. 497)

In *The ABC of Communism*, it is similarly stated that 'An epoch of proletarian dictatorship must inevitably intervene between a capitalist and a communist society'. (ABC, p. 126) While Buick has emphasised that 'If Marx had really subscribed to this view, that there was another system of society – lasting for a whole "epoch" – between capitalism and socialism, it is curious, to say the least, that he never mentioned it' (Buick, 1975, p. 67), there would seem to be no basis for the inference that this conception is incompatible with Marx's views on the nature of the transition to socialism. Buick's own interpretation of these views is, as has been demonstrated, an untenable one, and can in no way provide the basis for such an inference (see Chapter 1).

Some commentators have seen *The State and Revolution* as an essentially atypical 'anarchist' development of Lenin's thought, counterposed to *What Is To Be Done?*, with its emphasis on organisational centralism and the non-spontaneous nature of the development of socialist consciousness among the working class.¹⁰ It did, nevertheless, contain an unequivocal statement of Lenin's views on the pivotal role of the party in the transition to socialism:

By educating the workers' party, Marxism educates the vanguard of the proletariat, capable of assuming power and *leading the whole people* to socialism, of directing and organising the new system, of being the teacher, the guide, the leader of all the working and exploited people in organising their social life without the bourgeoisie and against the bourgeoisie. (SR, p. 281)

In an article written more than three years later, Lenin attempted to provide a more detailed exposition of this conception:

What happens is that the Party, shall we say, absorbs the vanguard of the proletariat, and this vanguard exercises the dictatorship of the proletariat. . . . the dictatorship of the proletariat cannot be exercised through an organisation embracing the whole of that class, because in all capitalist countries (and not only over here, in one of the most backward) the proletariat is still so divided, so degraded, and so corrupted in parts (by imperialism in some countries) that an organisation taking in the whole proletariat cannot directly exercise proletarian dictatorship. It can be exercised only by a vanguard that has absorbed the revolutionary energy of the class. (Lenin, CW, XXXII, 20-1)

It is, however, precisely in his treatment of the relationship between the party and the soviets, as the organs of popular power, that a fundamental lacuna in Lenin's thinking on the transition period becomes apparent. His only substantive account of this relationship is articulated in a work written shortly after the October Revolution, in which he stated that the soviet system

. . . provides an organisational form for the vanguard, i.e. for the most class-conscious, most energetic and most progressive section of the *oppressed* classes, the workers and the peasants, and so constitutes an apparatus by means of which the vanguard of the oppressed classes can elevate, train, educate and lead *the entire vast mass* of these classes, which has up to now stood completely outside of political life and history. (Lenin, 'Power', pp. 373-4)

Such a conception raises more questions than it answers. The dictatorship of the proletariat, as Miliband has emphasised, is inconceivable without some institutionalised means for the 'politi-

cal mediation' of revolutionary power, that is, for resolving the tensions which inevitably arise between the requirements of leadership and direction, on the one hand, and democracy, on the other. (See Miliband, 1970) The absence, in Lenin's writings, of any detailed account of how this 'political mediation' was to be achieved, would seem to be indicative of an assumption on his part of a symbiotic relationship between the party and the class whose dictatorship the revolution had ostensibly established. There was, it is clear, some basis for such an assumption.

A study of the Russian Social-Democratic Labour Party in the period 1898-1907, for example, has shown that the majority of R.S.D.L.P. activists were workers, with (after the 1903 Congress) the rank-and-file militants of the Bolshevik faction being more strongly working-class in composition than their Menshevik counterparts. (See Lane, 1969, pp. 49-50) While the Bolsheviks might then, and subsequently, have reasonably claimed to embody an organic link with the Russian proletariat, it must nevertheless be recognised that the assumption of a natural and automatic symbiosis 'belongs to the rhetoric of power, not to its reality'. (Miliband, 1970, p. 314)

There is no essential contradiction between the existence of a revolutionary organisation of the Leninist type and an effective socialist democracy. It is necessary, however, that there should be provision for alternative agencies of political expression or, in Miliband's words, an institutionalised 'socialist pluralism'. The absence of any such provision can only carry with it an inherent tendency towards 'substitutionism' as depicted in Trotsky's often-quoted prognosis of 1904: 'the party organization at first substitutes itself for the party as a whole; then the Central Committee substitutes itself for the organization; and finally a single "dictator" substitutes himself for the Central Committee . . .'.¹¹ Had an effective 'socialist pluralism' existed in 1921, the banning of factions within the R.C.P.(B). instituted in that year would in all probability have remained a merely temporary measure; at the very least, the dangers inherent in its transformation into the dogma of the monolithic party would have been considerably lessened.

If Bolshevik theory was underdeveloped by virtue of what Marx had left unsaid in his account of the dictatorship of the proletariat, namely, the manner in which the political mediation of that dictatorship was to be achieved, the resultant problems were compounded by what he did say on another issue. This was the

relationship between the executive and legislative functions, whose separation, under the bourgeois regime, must, he argued, be suppressed with the establishment of the proletarian state. The validity of Marx's assertion has recently been questioned by one of the foremost advocates of institutional reforms in the U.S.S.R.:

If Lenin believed that a merging of legislative and executive functions was one of the main advantages of the Soviets, this was indeed the case during the first years after the Revolution. However, the further evolution of our state has clearly shown that the combination of legislative and executive powers within one institution leads over a period of time to the disproportionate growth of the executive, thus turning representative bodies into empty appendages, providing an opening for a regime of personal dictatorship, and creating a favourable atmosphere for the development of bureaucracy and abuse of power. The machine of state moves further and further beyond the people's control and becomes purely self-serving. It is therefore vital not only to separate party and state leadership . . . but to effect a more precise division between legislative and executive power on the one hand and executive and administrative power on the other. (Medvedev, 1975, pp. 140-1)

It would seem that Lenin saw the separation of legislative and executive functions as being simply an extension of the division of labour in the capitalist mode of production, and therefore necessarily retrogressive, arguing that the Commune (and by analogy the soviets) constituted a system

. . . in which freedom of opinion and discussion does not degenerate into deception, for the parliamentarians themselves have to work, have to execute their own laws, have themselves to test the results achieved in reality, and to account directly to their constituents. Representative institutions remain, but there is *no* parliamentarism here as a special system, as the division of labour between the legislative and the executive, as a privileged position for the deputies. (SR, p. 297)

It must be recognised, however, that despite the ideological nature of the concept, the separation of powers and thus the existence of 'checks and balances' within the bourgeois-democratic system can

fulfil a useful function. It provides a necessary measure of co-ordination and serves to effect the reconciliation of 'conflicts of interest' within this system, although the very terms of reference of this reconciliation are inevitably rooted in and structured by the class basis of the system itself (that is, interests which are dysfunctional to the continued reproduction of the capitalist mode of production are either excluded or are only integrated to the extent that they can be effectively neutralised in class terms). Since the expropriation of the bourgeoisie is not synonymous with the emergence of a homogeneous social totality, the necessity for a system of control and co-ordination must remain in the post-capitalist social formation. To the extent that this social formation is based on planned relations of production, the entire process of decision-making within it (and not just at the level of production) must be based on real knowledge of the needs of the community. There must, clearly, be an institutionalised structure for the control of the implementation of decisions so arrived at. This structure should have not merely a negative function in terms of assessing the compatibility of decisions and their implementation with proletarian state power, but also a positive one in terms of the production of new knowledge about the social totality.

Marković has outlined one possible model for such a system, employing a seven-fold separation of powers institutionalised in the form of councils, each of which is composed of elected members of a federal assembly. He envisages the assembly itself as being tri-cameral, with one chamber representing the workers as producers, another representing their interests as consumers, and a third (the membership of which would be directly elected by universal suffrage) whose deliberations would aim to transcend the partiality of the other two chambers. In addition, Marković proposes an inter-cameral council to mediate between the three, although this might be considered superfluous given the function already ascribed to the third chamber. Organs of direct democracy in the workplace and in the community form the substratum of the system,¹² and they alone would have the right to decide how much power to transfer to higher-level institutions in the form of controlling and co-ordinating functions. While Marković repudiates the single-party system, he sees competing parties as being both irrelevant and undesirable, although his argument is clearly premised on the assumption that such parties could only exist in the form of the hierarchical and manipulative organisations characteristic of bourgeois democracy.

With justification, however, he regards the institutionalised separation of the power of the selection of administrative personnel, which, in the U.S.S.R. and Eastern Europe is of course under effective party control – *nomenklatura* system – as being of particular importance:

The experience of all twentieth century revolutions shows that those leaders who were responsible for the selection of cadres were able to dominate the scene, to defeat their rivals and assume dictatorial powers. The cadres policy cannot remain so important in a system of self-government where personnel cannot be simply nominated, promoted or fired but must be democratically elected. Still there is a social need to have a survey of available talent and different kinds of competence for different functions, to record the achievements and failures of individuals in their elected public functions, to propose how the most important functions within a body of self-government should be distributed. Responsibility for cadres policy is a decisive power, and therefore it should not be in the hands of those who already have other powers – it should be separated. (Marković, 1976, p. 13)

Lenin's assumption of an organic relationship between the Bolshevik Party and the Soviet working class, like his views on the separation of legislative and executive powers, seems to have remained axiomatic in his thinking. It was only a decade after Lenin's death that Trotsky, who undoubtedly shared this assumption, acknowledged the necessity for a multi-party system under the proletarian dictatorship. In 1919, two years before the *de facto* establishment of a political monopoly in the U.S.S.R., Lenin himself was explicitly asserting the Bolsheviks' exclusive role:

Yes, the dictatorship of one party! We stand upon it and cannot depart from this ground, since this is the party which in the course of decades has won for itself the position of vanguard of the whole factory and industrial proletariat. (Cited in BR, I, 236)

In a major work written in the following year, Lenin repudiated any attempt to differentiate between the dictatorship of the party and the dictatorship of the class as being evidence of 'most incredibly and hopelessly muddled thinking'. (Lenin, 'Disorder', p. 532) It is important to recognise, however, that the concept of the vanguard

party is by no means synonymous with the dogma of the monolithic party, and there is no demonstrable basis for the assertion that Lenin ever desired the creation of a one-party state or the establishment of the party's dictatorship over the proletariat. Nevertheless, from May 1921 onwards the 'dictatorship of one party' became a reality, a ban on factions within the R.C.P.(B). having already been established two months earlier. These moves were accompanied by a progressive obliteration of the distinction between the party and the state, on the one hand, and between the party and the soviets, on the other. That Lenin acknowledged and endorsed the latter is clear; it can and must be seen in terms of his failure adequately to conceptualise the problem of the political mediation of proletarian power.¹³ Thus, Lenin's 1923 article *Better Fewer, But Better*, which was a product of his growing recognition of the extent of the problem of bureaucratism, and which contains some of his most perceptive comments on this phenomenon, nevertheless makes no attempt to situate the soviets, as organs of proletarian power, within a strategy to combat bureaucratism.

A WORKERS' STATE WITH BUREAUCRATIC DISTORTIONS

In *The State and Revolution*, Lenin had written that:

Abolishing the bureaucracy at once, everywhere and completely, is out of the question. But to *smash* the old bureaucratic machine at once and to begin immediately to construct a new one that will make possible the gradual abolition of all bureaucracy – this is *not* a utopia, it is the experience of the Commune, the direct and immediate task of the revolutionary proletariat. (SR, pp. 297–8)

Lenin distinguished, however, between the bureaucracy *per se* – whose function would be supplanted by 'control and supervision by all' – and the technical (*spetsy*) (SR, p. 336), large numbers of whom were in fact inherited by the proletarian state from its predecessor.

In January 1918, Lenin was still able to maintain that:

At all costs we must break the old, *absurd*, savage, despicable and disgusting prejudice that only the so-called "upper classes", only

the rich, and those who have gone through the school of the rich, are capable of administering the state and directing the organisational construction of socialist society. . . . every *rank-and-file* worker and peasant who can read and write, who can judge people and who has practical experience, is capable of *organisational work*. (V.I. Lenin, *How to Organise Emulation*, QSOE, pp. 84–93)

Within the space of a few months, however, the imperatives of the situation in which the Bolsheviks found themselves were becoming apparent. Lenin acknowledged that

Now we have to resort to the old bourgeois method and to agree to pay a very high price for the “services” of the biggest bourgeois specialists . . . Clearly this measure is a compromise, a departure from the principles of the Paris Commune and of every proletarian power . . . (Lenin, ‘Tasks’, p. 409)

He emphasised, nevertheless, that: ‘The sooner we ourselves, workers and peasants, learn the best labour discipline and the most modern technique of labour, using the bourgeois experts to teach us, the sooner we shall liberate ourselves from any “tribute” to these specialists’. (Lenin, ‘Tasks’, pp. 410–11) Such liberation was to remain a distant prospect. Moreover, the new state not only remained dependent on bourgeois expertise in ‘technical’ matters, but was also compelled to retain a corps of professional bureaucrats. At the Ninth Party Congress in March 1920, Lenin openly admitted that

. . . for the work of administration, of organising the state, we need people who are versed in the art of administration, who have state and business experience, and there is nowhere we can turn to for such people except the old class. . . . We have to administer with the help of people belonging to the class we have overthrown . . . (Lenin, CW, XXX, 458)

It was precisely on the issue of ‘building communism with non-communist hands’ that the debate between Lenin and the ‘Left Communists’ took place in 1918.¹⁴ The latter’s position was clearly expressed in an article by Osinsky who, together with Bukharin,

Radek, and Vladimir Smirnov, edited the group's journal *Kommunist*:

We do not stand for the point of view of "construction of socialism under the direction of the organizers of the trusts". We stand for the point of view of the construction of the proletarian society by the class creativity of the workers' themselves, not by ukase of "captains of industry" . . . We proceed from trust for the class instinct, to the active class initiative of the proletariat. It cannot be otherwise. If the proletariat does not know how to create the necessary prerequisites for the socialist organization of labour – no-one can do this for it and no-one can compel it to do this. The stick, if raised against the workers, will find itself in the hands of a social force which is either under the influence of another class or is in the hands of the soviet power; then the soviet power will be forced to seek support against the proletariat from another class (e.g. the peasantry), and by this it will destroy itself as the dictatorship of the proletariat.

Socialism and socialist organisation must be set up by the proletariat itself, or they will not be set up at all; something else will be set up – state capitalism.¹⁵

Osinsky's critique was evidently based on the theme in the writings of Marx and Engels in which the creation of socialist society is portrayed as the conscious act of the proletariat itself, its own self-emancipation. Concretely, it focused on the question of workers' self-management in the production process, which was subsequently to find its fullest expression in the programme of the Workers' Opposition (see below). In the event, the Left Communists' activity was quickly submerged by the more immediate problems facing the new Soviet state with the opening of the Civil War in 1918. What it did do, however, was to throw into relief the question of the form of the transition to socialism.

To this question, Lenin himself gave two answers. The first of these (against which the Left Communists' critique was directed) was articulated in an article dating from September 1917, according to which

. . . socialism is nothing but the next step forward from state-capitalist monopoly. Or, in other words, socialism is nothing but state-capitalist monopoly which is made to serve the interests of

the whole people and has to that extent ceased to be capitalist monopoly. (Lenin, 'Catastrophe', p. 46)

The most definitive exposition of this conception of the transition is, however, to be found in Lenin's reply to the Left Communists, which appeared in May 1918. Enumerating the various elements of which the economic level of the Soviet social formation was compounded as being the natural economy sector, petty commodity production, private capitalism, state capitalism, and socialism, Lenin went on to argue that: 'It is not state capitalism that is at war with socialism, but the petty bourgeoisie plus private capitalism fighting together against both state capitalism and socialism'. (Lenin, 'Mentality', p. 441) It was clear, he pointed out, that small commodity production ('petty bourgeois capitalism') was the predominant element in the Soviet economy.¹⁶ Since, however, socialism was inconceivable without 'large-scale capitalist engineering based on the last word in modern science' and 'planned state organisation which subordinates tens of millions of people to the strictest observance of a single standard in production and distribution', it had to be recognised that it was 'one and the same road' that led from petty commodity production and private capitalism 'to both large-scale state capitalism and to socialism, through one and the same intermediary station called "national accounting and control of production and distribution"'. (Lenin, 'Mentality', pp. 443-4)

The implicit assumption, in Lenin's prognosis, of the supposed 'neutrality' of capitalist industrial technology and labour discipline (for their critique of which he chided the Left Communists) can now be recognised as a theoretical mistake (see Chapter 6). It is clear that within the capitalist mode of production the 'technical relations of production' (corresponding to Marx's concept of the 'forces of production') are developed under, and structured in accordance with, the social relations of production.

There is developed, in Lenin's writings, a second conception of the form of the transition to socialism, to which he first referred in his April 1918 article *The Immediate Tasks of the Soviet Government*:

The socialist state can arise only as a network of producers' and consumers' communes, which conscientiously keep account of their production and consumption, economise on labour, and steadily raise the productivity of labour, thus making it possible to

reduce the working day to seven, six and even fewer hours. (Lenin, 'Tasks', pp. 413-14)

Lenin did not develop this thesis, however, and was only to return to it after the inauguration of the New Economic Policy.

The central element of the N.E.P., adopted in March 1921, was the substitution of a 'tax in kind' for the system of the requisitioning of surplus produce from the agricultural sector. The peasantry was given the right to trade the post-tax surpluses in exchange for manufactured goods from Soviet industry. In addition, a number of small enterprises were denationalised and leased out to either local entrepreneurs or co-operatives. Notwithstanding the very different perspective from which the N.E.P. had been elaborated, Lenin chose to retain the concept of 'state capitalism' in his exposition of the new policy. Thus, in his pamphlet *The Tax in Kind* Lenin listed the various forms of 'state capitalism' as being concessions to foreign capitalists, co-operatives in petty commodity production and in agriculture, the commissioning of traders to sell the products of state industry, and the leasing agreements made with Russian capitalists. (CW, XXXII, 329-65) It is clear, however, that it was the first of these which he regarded as being the most significant for the U.S.S.R.'s future development. The Bolsheviks did not, however, succeed in attracting foreign capital into Soviet industry to any significant extent, and in fact 'state capitalism' became more and more simply a euphemism for the system of commodity exchange which the N.E.P. had established in the countryside. This was clearly far removed from Lenin's use of the term in earlier articles such as his "*Left-Wing*" *Childishness and the Petty-Bourgeois Mentality*. Lenin continued to emphasise, nevertheless, that what he had described in this article as 'petty-bourgeois anarchy' (petty commodity production) was inherently reproductive of capitalist relations of production:

Free exchange is free trade, and free trade means turning back towards capitalism. Free exchange and free trade mean circulation of commodities among separate petty proprietors . . . this exchange and free trade inevitably lead to a division of commodity producers into owners of capital and owners of labour-power, i.e., a revival of capitalist wage-slavery, which does not drop down from the skies but springs the world over precisely from agricultural commodity economy.¹⁷

The essential condition on which the N.E.P. was premised was therefore that this 'retreat' towards capitalism was controlled and limited by the workers' state. It was this very concept, indeed, which was the subject of theoretical dispute between Lenin and Bukharin. Since, for Bukharin, state capitalism meant the fusion of capitalist trusts with the bourgeois state, as the determinate form of contemporary capitalism, it was impossible under the dictatorship of the proletariat, which was its antithesis (see Chapter 5). Unlike the earlier dispute between Lenin and the Left Communists, in which Bukharin had been among the major protagonists of the latter, the disagreement between Bukharin and Lenin which took place on the inauguration of the N.E.P. (in which Bukharin adhered essentially to the conception of the relationship between state capitalism and the workers' state which he had articulated in *Economics of the Transformation Period*) did not, however, extend into the realm of political practice, for Bukharin became one of the foremost advocates of the new policy.

Lenin's second conception of the transition is most fully elaborated in one of his last articles, dating from January 1923. In it he remarked how, two years earlier, he had used the term 'state capitalism' in order 'to connect historically our present position with the position adopted in my controversy with the so-called Left Communists' and 'to show the continuity between ordinary state capitalism and the unusual, even very unusual, state capitalism to which I referred in introducing the reader to the New Economic Policy'. (V. I. Lenin, *On Co-Operation*, LSW/1, pp. 690-5) Recalling that one of the principal objects of the N.E.P. had been to lease out concessions which, in the circumstances, 'would unquestionably have been a pure type of state capitalism', Lenin went on to maintain that there was 'another aspect of the matter for which we may need state capitalism, or at least a comparison with it', this being the question of co-operatives.

The re-institution of market relations under the N.E.P. had resulted in the co-operative societies, which had occupied an important place in the Russian economy before the revolution and which, with the advent of War Communism in April 1918, had been effectively transformed into organs of distribution under the formal control of *Vesenkha* (the Supreme Council of National Economy), beginning to function once again as autonomous bodies. In *The Tax in Kind*, Lenin had characterised the small producers' co-operatives (as distinct from the workers' co-operatives, which were in any case

relatively insignificant in the economy as constituted) as a form of state capitalism (see above), emphasising that they 'inevitably give rise to petty-bourgeois, capitalist relations', so that 'freedom and rights for the co-operative societies mean freedom and rights for capitalism'. He had, nevertheless, acknowledged that a transition to socialism mediated through the petty producers' co-operatives was potentially 'capable of embracing wider masses of the population, and pulling up the deeper and more tenacious roots of the old, presocialist and even pre-capitalist relations' than a transitional strategy based on concessions to foreign capitalists. It was this theme to which he was to return in *On Co-Operation*, in which he argued that the co-operatives, which were already distinct from private enterprises by virtue of their collective character, were actually assimilable to socialist (that is, state) enterprises 'if the land on which they are situated and the means of production belong to the state, i.e. the working class'. It could be concluded, therefore, that 'given social ownership of the means of production, given the class victory of the proletariat over the bourgeoisie, the system of civilised co-operators is the system of socialism'. This was only potentially the case, however; its realisation required that Soviet society as a whole undergo a 'period of cultural development', or 'cultural revolution'.

While it is not free from ambiguities, *On Co-Operation* seems to envisage the evolution of a network of producers' co-operatives, as an extension of planned economy, for which the development and integration of co-operation in exchange, based on petty commodity production, would, over a period, provide the foundation.¹⁸ The concept underlying this strategy was the *smychka* (yoke), the symbiotic union of workers and peasants. In order to understand the context in which this change in Lenin's conception of the relationship between state industry and the private sector in agriculture took place, it is necessary to appreciate the salient features of the situation in which the Bolsheviks found themselves at the conclusion of the Civil War. It was precisely this conjuncture, moreover, which was one of the central determinants of the future development of the workers' state.

The effects of the Civil War on Soviet industry and on the working class itself had been catastrophic. From a total of around three million in 1917, the number of industrial workers had declined to half this figure by 1921. Statistics for 1920 indicated that Moscow had by then lost some 44.5 per cent, and Petrograd 57.5 per cent, of their 1917 populations. In the same year the output of fully-

manufactured goods reached only 12.9 per cent, and that of semi-finished goods only 13.6 per cent, of what they had been in 1913. (See BR, II, 194-5) While many workers died at the front, their absorption into the administrative apparatus would seem to have represented the heaviest drain on the Soviet proletariat during the years of War Communism. Even before the war began, however, many workers had in any case returned to the countryside (with which they retained strong ties, being often of recent peasant origin) in order to share in the distribution of land. Many more were to follow as the disruptive effects of the Civil War on food supplies began to make themselves felt. Those who remained in the cities and towns were themselves progressively demoralised by the chronic food shortages and by the black market activities in which almost all had to participate in order to survive. It was as a result of all this that Lenin, some four years after the October Revolution, was prompted to declare that the proletariat 'has become declassed, i.e., dislodged from its class groove, and has ceased to exist as a proletariat'. (Lenin, CW, XXXIII, 65)

Even in March 1919, it was clear to Lenin that the vast decline in the socio-political weight of the working class brought about by the Civil War had already rendered obsolete his formula of the previous year according to which the soviets were 'the direct organisation of the toiling and exploited masses themselves'. This decline, in the context of generalised cultural backwardness, meant that 'the soviets, which by virtue of their programme are organs of government *by the working people* are in fact organs of government *for the working people* by the advanced section of the proletariat, but not by the working people as a whole'. (Lenin, CW, XXIX, 183) In the circumstances which prevailed after the Civil War, the soviets of 1921, unlike those of 1917, were not and indeed could not be representative, since the class whose power they were deemed to represent had almost ceased to exist. Although the Soviet proletariat had all but disappeared, Bolshevik practice continued to be premised upon an organic relationship between the party and the class. This could, and did, mean only that Lenin and his comrades substituted themselves for the proletariat:

They identified their own will and ideas with what they believed would have been the will and the ideas of a full-bodied working class, if such a class had existed. Their habit of regarding themselves as *the* interpreters of the proletarian-class interest

made that substitution all the easier. As the old vanguard, the party found it natural for itself to act as the *locum tenens* for the working class during that strange and, it hoped, short interval when that class was in a state of dissolution. Thus the Bolsheviks drew a moral justification for their usurpatory role from their own tradition, as well as from the actual state of society. (PU, p. 13)

The new Soviet state was, in Lewin's words, 'suspended in a "two-storied void", the first being the absence of a proletariat and the second that of an economic infrastructure'. (Lewin, 1975, p. 16)

With respect to the October Revolution itself, whatever problems of 'revolutionary legitimacy' it appeared to pose were, for the Bolsheviks, effectively resolved by the adoption of Marx's formula of 1856 of a proletarian revolution backed by peasant war.¹⁹ After the Civil War, however, the question of the class dynamic of the revolution had assumed a different aspect. While the 'bourgeois' content of the revolution survived in the new property relations established in the countryside, the proletarian revolution and the workers' state which it was held to have established was in fact *in posse* rather than *in esse*. (SOC, I, 103)

In this context, the problem of bureaucracy necessarily appeared in an altogether new light. Early in 1921, in a reference to the 'Trade Union Debate', in which he had opposed the thesis put forward by Trotsky and Bukharin according to which the Soviet proletariat no longer needed, through its trade unions, to defend itself against its own state, Lenin argued that the designation 'workers' state', applied to the Soviet social formation, was 'an abstraction'. It was, rather, a workers' state in which the peasantry was numerically predominant, and one with 'bureaucratic distortions'. (Lenin, CW, XXXII, 48)²⁰ There were indeed those who saw these distortions as the principal danger facing the Soviet state, chief among whom were the Democratic Centralists (or Decemists) and the Workers' Opposition. The former had emerged in 1919 as the successors to the Left Communists, most of whose major figures were represented in the leadership of the new group. The Workers' Opposition appeared in the following year, orienting itself towards the trade union leadership and basing its programme on the advocacy of workers' self-management. Its treatment of this theme was, however, too abstract to be of any practical relevance, as indeed was its critique of bureaucratism. The latter was elaborated in the major programmatic document which the Workers' Oppo-

sition prepared for the Tenth Party Congress in March 1921, and would seem to amount to little more than a diffuse and rather abstract critique of 'administrative methods':

The harm in bureaucracy does not only lie in the red tape—as some comrades would want us to believe—they narrow the whole controversy to the "animation of Soviet institutions". The harm lies in the solution of all problems, not by means of an open exchange of opinions or by the immediate efforts of all concerned, but by means of formal decisions handed down from the central institutions. These decisions are arrived at either by one person or by an extremely limited collective, wherein the interested people are quite often entirely absent. Some third person decides your fate: this is the whole essence of bureaucracy.²¹

Lenin's approach to the question of bureaucratism, although itself incomplete and ultimately inadequate, was nevertheless more pertinent than that of Kollontai and her comrades. With the depletion and fragmentation of the working class wrought by the Civil War, the party had inevitably become the principal agency maintaining the integrity of the workers' state. The problem of bureaucratism was therefore bound up with the party cadres themselves, especially the upper echelons. A great many simply lacked the education and experience effectively to control the vast bureaucracy which ostensibly functioned as an agent of proletarian power. Lenin explained to the Fourth Comintern Congress in 1922 that:

We took over the old machinery of state, and that was our misfortune. Very often this machinery operates against us. In 1917, after we captured power, the government officials sabotaged us. This frightened us very much and we pleaded: "Please come back". They all came back, but that was our misfortune. We now have a vast army of government employees, but lack sufficiently educated forces to exercise real control over them. In practice it often happens that here at the top, where we exercise political power, the machine functions somehow; but down below government employees have arbitrary control and they often exercise it in such a way as to counteract our measures. At the top, we have I don't know how many, but at all events, I think, no more than a few thousand, at the outside several tens of

thousands, of our own people. Down below, however, there are hundreds of thousands of old officials whom we got from the tsar and from bourgeois society and who, partly consciously and partly unconsciously, work against us.²²

The problems arising from the educational deficiencies of party cadres were exacerbated by the enormous numerical predominance of the peasantry in the country. As a consequence of the N.E.P., the material power of the peasantry and its consciousness of its own interests had grown considerably. This could not fail to be reflected in the party itself, especially since between 1919 and 1922 the party had increased in numbers from 250,000 to 700,000.²³ The growing power and influence of the *kulaks*, together with that of their urban counterparts, the N.E.P.-bourgeoisie, had thus come to constitute a potential threat to the Soviet regime, as Trotsky and others were increasingly to recognise. It was not, however, the only, or even the major source of 'bureaucratic distortions'.

In March 1922, in a letter to Molotov (which he asked be read to the Central Committee), Lenin wrote that:

If we do not close our eyes to reality we must admit that at the present time the proletarian policy of the Party is not determined by the character of its membership, but by the enormous undivided prestige enjoyed by the small group which might be called the Old Guard of the Party.²⁴

The exigencies of the Civil War had necessitated the substitution of a hierarchical and authoritarian system of orders, appointments, and dismissals for democratic centralism in the party. After the Bolshevik victory, these procedures were by no means abandoned, and the 'administrative methods' of War Communism acquired an institutional character. Stalin's accession to the post of General Secretary of the party (Gensek) in April 1922, followed a month later by Lenin's incapacitation due to a cerebral haemorrhage, gave a decisive stimulus to this trend. Although effectively debarred from political activity for most of the period from then until his death early in 1924, Lenin nevertheless came to recognise the nature of the danger which threatened the party from within. (See Lewin 1975)

Lenin's final prognosis for the regime which he and his party had established was an ironic one when considered in juxtaposition with the pronouncements in *The State and Revolution*, in which he had

placed so much emphasis on the destruction of the state apparatus of the Russian autocracy:

We must reduce our state apparatus to the utmost degree of economy. We must banish from it all traces of extravagance, of which so much has been left over from tsarist Russia, from its bureaucratic capitalist state machine. (Lenin, 'Better', p. 711)

Early in the following decade, the Italian communist leader Antonio Gramsci made the observation, often quoted, that in Russia 'the State was everything, civil society was primordial and gelatinous'.²⁵ He was referring, of course, to pre-revolutionary Russia, but the same characterisation could equally well have been applied to the regime which emerged from the chaos of Civil War and which, three years later, the dying Lenin bequeathed to his successors.

3 Trotsky and the Legacy of October

THERMIDOR AND BONAPARTISM

After the death of Lenin on 21 January 1924, Trotsky and others, loosely constituted as the Left Opposition, continued the struggle against the progressive bureaucratisation¹ of the party and state which had occupied Lenin more and more towards the end of his life. During the final months of Lenin's illness, Trotsky had launched an attack on the character of the regime which he saw as developing within the party (and thereby, *de facto*, on the triumvirate of Stalin, Zinoviev, and Kamenev which had assumed the leadership following Lenin's incapacitation). In a letter to the Politburo on 8 October 1923, he wrote that:

In the fiercest moments of War Communism, the system of appointment within the party did not have one tenth of the extent that it has now. Appointment of the secretaries of provincial committees is now the rule. That creates for the secretary a position essentially independent of the local organisation. . . . The bureaucratization of the party apparatus has developed to unheard-of proportions by means of the method of secretarial selection.²

A few days later, on 15 October, a statement, afterwards known as the *Platform of the Forty-Six*, was submitted to the party's Central Committee. The essential thesis of this document, whose signatories included many of Trotsky's political associates, such as Pyatakov and Preobrazhensky, as well as leading members of the Democratic Centralists and the Workers' Opposition, was that 'the secretarial hierarchy of the party to an ever greater extent recruits the membership of conferences and congresses, which are becoming to an ever greater extent the executive assemblies of this hierarchy'.³

Trotsky, in his letter of 8 October, had not questioned the retention of the ban on factions in the party instituted at the Tenth Congress, a position which he was later to revise. In the *Platform of the Forty Six*, however, it was explicitly argued that this ban should be lifted precisely because the 'position which has been created is explained by the fact that the regime of the dictatorship of a fraction within the party . . . has outlived itself'. It should perhaps be noted that the Tenth Party Congress resolution had distinguished between factions and informal groupings, the latter being permitted as a means of airing political differences and articulating alternative policies. Since, however, the party leadership alone had the power to define what did or did not constitute a faction or grouping, the manipulative use of the ban could – and in Stalin's hands did – lead to the effective 'dictatorship of a fraction'.

On 5 December, under the joint stimulus of Trotsky's letter and the *Platform*, the triumvirate submitted a resolution to the Politburo in which it acknowledged the need for reforms in the party organisation. At about the same time, Trotsky began work on the first of a series of letters and articles (afterwards published as *The New Course*, this being the name which Trotsky gave to the party leadership's resolution) in which he argued the case for an effective and thorough-going renovation of the party apparatus. In these works, Trotsky departed significantly from the analysis of bureaucratism contained in the 1919 Party Programme, which had simply stated that

. . . the comparatively low cultural level of the masses, the lack of the requisite experience of administrative work in those who have been summoned by the masses to fill responsible posts, the need for providing exceptional inducements to experts of the old school whose services are needed in different matters, in conjunction with the withdrawal of the most advanced stratum of the urban workers (who had to undertake war service), have led to a partial revival of bureaucracy within the Soviet system. (Repr. in ABC, pp. 429–58)

All these factors had indeed encouraged the growth of bureaucratism within the political level of the Soviet social formation, but by the end of 1923 the problem had assumed perceptibly different dimensions. It had to be recognised, Trotsky maintained, that bureaucratism was now 'not at all a survival of the war period', but

had rather to be conceptualised as being 'the result of the transference to the party of the methods and administrative manners accumulated during these last years'. (NC, p. 15) More than this, however, it was

. . . unworthy of a Marxist to consider that bureaucratism is only the aggregate of bad habits of office holders. Bureaucratism is a social phenomenon in that it is a definite system of administration of men and things. Its profound causes lie in the heterogeneity of society, the difference between the daily and the fundamental interests of various groups of the population. (NC, p. 45)

By the time of the drafting, four years later, of the *Platform of the Joint Opposition*, Trotsky's appraisal of the character of the bureaucratic phenomenon had become altogether more cogent, emphasising to a far greater extent its social content in relation to the classes and class fractions of Soviet society:

The question of Soviet bureaucratism is not only a question of red tape and swollen staffs. At bottom it is a question of the class role played by the bureaucracy, of its social ties and sympathies, of its power and privileged position, its relations to the Nepman and the unskilled worker, to the intellectual and the illiterate, to the wife of a Soviet grandee and the most ignorant peasant woman, etc., etc.⁴

This shift of emphasis represented, in fact, a significant change in the Opposition's perspective and the analysis which underlay it. At the time of the leadership's 'new course', it had been concerned not so much with bureaucratism as an evil in itself, as with its implications for the stability and effectiveness of the party. While, as Law has noted, the Opposition was in 1923 criticising the growth of bureaucracy as a system of administration,

. . . by 1926 it was beginning to assert the existence of a *bureaucracy* as an ossifying Party leadership, maintaining itself by the exercise of power. The progression from bureaucratism to bureaucracy in the analysis of the Left Opposition assisted the transition to a more comprehensive and inter-linked analysis by pointing to bureaucracy as the central political factor which conditioned policy in all spheres. (Law, 1973, p. 43)

By the time the Joint Opposition had come into existence in April 1926, with Trotsky's rapprochement with Zinoviev and Kamenev, certain groupings in the Opposition were arguing that the gains of the October Revolution had been liquidated or that, in the analogy of the time, the Soviet Thermidor had already occurred. It was apparently Peter Zalutsky, the secretary of the Leningrad provincial party, who in October 1925 first publicly drew the comparison between the bureaucratic degeneration of the Bolshevik Party and the decline of Jacobinism after the French Revolution, which culminated in the proscription and consequent execution of Robespierre on 9 Thermidor (27 July) 1794.⁵ Zalutsky also accused the party leadership of implementing policies which could lead only to the construction of 'state capitalism' in the U.S.S.R., an assertion which had already been made by Zinoviev (who controlled the Leningrad party machine) a month before. (SOC, II, 76) While this thesis gained little credence in Opposition circles (it had been a central tenet of the Workers' Group, led by Gabriel Myasnikov, and of Bogdanov's Workers' Truth, both of which were effectively suppressed in 1923), the concept of Thermidor was to figure prominently in the Opposition's perspectives during subsequent years.

In 1929, the year of his deportation from the Soviet Union, Trotsky explained the Opposition's understanding of Thermidor as meaning

. . . the first victorious stage of the counter-revolution, that is, the direct transfer of power from the hands of one class into the hands of another, whereby this transfer, although necessarily accompanied by civil war, is nevertheless masked politically by the fact that the struggle occurs between the factions of a party that was yesterday united. Thermidor in France was preceded by a *period of reaction* which unfolded while the power remained in the hands of the plebians, the city's lower classes. Thermidor crowned the preparatory period of reaction by an out-and-out political catastrophe, as a result of which the plebians lost power. Thermidor thus does not signify a period of reaction in general, i.e., a period of ebb, of downsliding, of weakening of revolutionary positions. Thermidor has a much more precise meaning. It indicates the direct transfer of power into the hands of a different class, after which the revolutionary class cannot regain power except through an armed uprising. The latter

requires, in turn, a new revolutionary situation, the inception of which depends upon a whole complex of domestic and international causes.⁶

In a later article he maintained that, in the Soviet context:

When the Opposition spoke of the danger of Thermidor, it had in mind primarily a very significant and widespread process within the party: the growth of a stratum of Bolsheviks who had separated themselves from the masses, felt secure, connected themselves with nonproletarian circles, and were satisfied with their social status, analogous to the strata of bloated Jacobins who became, in part, the support and prime executive apparatus of the Thermidorean overturn in 1794, thus paving the road for Bonapartism.⁷

Elsewhere, Trotsky defined the Opposition's concept of Thermidor rather more explicitly as

. . . a decisive shift of power from the proletariat to the bourgeoisie, but accomplished formally within the framework of the Soviet system under the banner of one faction of the official party against another. (Trotsky, 'Problems', p. 221)

The main force for Thermidor in the U.S.S.R., the Opposition considered, was the peasantry, whose influence in this direction was accentuated both by the recent rural origin of much of the industrial workforce, and by the climate created by the N.E.P. Trotsky himself seems to have regarded the events in Kronstadt in 1921 as constituting a possible prototype for the Soviet Thermidor.⁸ The French Thermidor had opened the way to the regime of the first Bonaparte. The Opposition saw the same process, in Soviet terms, as 'a more open, "riper" form of the bourgeois counter-revolution, carried out against the Soviet system and the Bolshevik Party as a whole, in the form of a naked sword raised in the name of bourgeois property'. (Trotsky, 'Problems', p. 221) While Trotsky, as did most of the Opposition in the late twenties and early thirties, saw a military coup, leading to the restoration of capitalism, as being a real possibility, he came eventually to realise that this was at most a rather improbable variant. As Deutscher has remarked:

Here Trotsky touched a latent trend in Soviet politics; but he evidently overrated its strength. He also overrated the force of what was, in Marxist theory, the social impulse behind that trend: the determination and the power of the peasantry to defend its property, and its capacity to assert itself, through the army, against the town. (PU, p. 460)⁹

In February 1929, after a year in exile in Alma Ata, in Kazakhstan, Trotsky was deported to Turkey. In April of the following year, representatives of Oppositionist groupings from several countries met in Paris for the first conference of the International Left Opposition, for which, in 1931, Trotsky produced a draft document on the 'Russian Question' – the problem of the class character of the Soviet social formation. Its central thesis was that:

The contradictory processes in the economy and politics of the U.S.S.R. are developing on the basis of the dictatorship of the proletariat. The character of the social regime is determined first of all by the property relations. The nationalisations of land, of the means of production and exchange, with the monopoly of foreign trade in the hands of the state, constitute the bases of the social order in the U.S.S.R. The classes expropriated by the October revolution as well as elements of the bourgeoisie and the bourgeois section of the bureaucracy being newly-formed, could re-establish private ownership of land, banks, factories, mills, railroads, etc., only by means of a counter-revolutionary overthrow. These property relations, lying at the base of class relations, determine for us the nature of the Soviet Union as a proletarian state. (Trotsky, 'Problems', p. 204; cf. RB, p. 248)

Given, however, that the Bolshevik Party had effectively ceased to be a revolutionary proletarian party, was it not therefore the case that the workers' state had been *de facto* liquidated? He rejected this conclusion:

Even if the party as a party, that is, as an independent organization of the vanguard, does not exist, this does not yet mean that all the elements of the party inherited from the past are liquidated. In the working class, the tradition of the October overthrow is alive and strong; firmly rooted are the habits of class

thought; unforgotten in the older generation are the lessons of the revolutionary struggles and the conclusions of Bolshevik strategy; in the masses of the people and especially in the proletariat lives the hatred against the former ruling classes and their parties. All these tendencies in their entirety constitute not only the reserve of the future, but also the living power of today, which preserves the Soviet Union as a workers' state. (Trotsky, 'Problems', p. 224)

Trotsky appeared to qualify his characterisation of the Soviet social formation, however, with the contention that:

The recognition of the present Soviet state as a workers' state not only signifies that the bourgeoisie can conquer power only by means of armed uprising but also that the proletariat of the U.S.S.R. has not forfeited the possibility of subordinating the bureaucracy to it, of reviving the party again, and of regenerating the regime of the dictatorship – without a new revolution, with the methods and on the road to *reform*. (Trotsky, 'Problems', p. 225)

Here, however, Trotsky conflated his analysis of the class nature of the Soviet Union with his conjunctural appraisal of the state of political forces within it and the perspectives which he and the Opposition derived from this, a theoretical mistake which is also apparent in a letter written during his exile in Alma Ata:

The question thus comes down to the same thing: Is the proletarian kernel of the party, assisted by the working class, capable of triumphing over the autocracy of the party apparatus which is fusing with the state apparatus? Whoever replies in advance that it is *incapable*, thereby speaks not only of a new party on a new foundation, but also of the necessity of a second and new proletarian revolution.¹⁰

It is clear that, at this time, Trotsky saw the party itself as the principal agency guaranteeing the integrity of the workers' state, a view which, given the role which the party had played under Lenin's leadership, is readily understandable. In a work dating, like his letter to the Democratic Centralist Borodai, from 1928, he wrote that:

The socialist character of our state industry . . . is determined and secured in a decisive manner by the role of the party, the voluntary internal cohesion of the proletarian vanguard, the conscious discipline of the administrators, trade union functionaries, members of the shop nuclei, etc. If we allow that this web is weakening, disintegrating, and ripping, then it becomes absolutely self-evident that within a brief period nothing will remain of the socialist character of state industry, transport, etc. The trusts and factories will begin living an independent life. Not a trace will be left of the planned beginnings, so weak at the present time. The economic struggle of the workers will acquire a scope unrestricted save by the relation of forces. The state ownership of the means of production will be first transformed into a juridical fiction, and later on, even the latter will be swept away. (TIL, p. 300)

While it might, with every justification, be argued that the active presence of a revolutionary Marxist party is essential for the socialist transformation of a post-capitalist social formation (a workers' state), it is not apparent why the liquidation of the proletarian dictatorship must inevitably follow the atrophy of such a party. Conversely, as the postwar developments in Eastern Europe, China, Cuba, and Vietnam have demonstrated, the intervention of a revolutionary proletarian party need not be an essential factor in the establishment of a workers' state (see Chapter 4).

At its International Preconference, held in Paris in February 1933, the I.L.O. adopted a resolution, drafted by Trotsky two months before, in which it was stated that the demand for the formation of a new party in the Soviet Union

. . . would mean a policy of armed insurrection and a new revolution. The policy of the faction means steering a course towards internal reform of the party and the workers' state. Despite all the slanders of the Stalinist bureaucracy, the Opposition remains solely on the ground of reform.¹¹

During the course of that year, however, the perspective of reform became increasingly untenable. When, in April, the Comintern issued a declaration that the policies followed (under its own instructions) by the German Communist Party (K.P.D.) up to

Hitler's accession to power earlier that year had been fully correct, Trotsky and the Opposition, already convinced of the need for the formation of a new German party, now acknowledged the necessity for the creation of a new International. This recognition was expressed in two articles written by Trotsky in July, and subsequently in a resolution adopted by an I.L.O. Plenum a month later.¹² To symbolise this change of orientation, the I.L.O. was renamed the International Communist League. Its policy towards the R.C.P.(B)., however, continued initially to be one of advocating factional struggle rather than calling for the formation of a second party. This final revision of perspectives was made by Trotsky in October 1933, in *The Class Nature of the Soviet State*. Subsequently, he undertook a re-examination of the concept of Thermidor which had figured so prominently in the Opposition's thinking. The French Thermidor had resulted in a shift of power from certain groupings in the Convention to others. What had taken place was not in fact, Trotsky argued, a counter-revolution *per se*. The revolution itself had been bourgeois, so that:

The counter-revolution, corresponding to the revolution, would have had to attain the re-establishment of feudal property. But Thermidor did not even make an attempt in this direction. Robespierre sought his support among the artisans—the Directory among the middle bourgeoisie. Bonaparte allied himself with the banks. All these shifts—which had, of course, not only a political but a social significance—occurred, however, on the basis of the new bourgeois society and state. (Trotsky, 'Thermidor', p. 31)

In essence, Trotsky concluded, Thermidor had been 'reaction in operation on the social foundation of the revolution'. On this revised analogy, the Soviet Thermidor was no more synonymous with the counter-revolution than its French predecessor. A shift to the right, comparable with that which had occurred with the transfer of power from the radical to the more conservative Jacobins in 1794, had taken place with the eclipse of the Left Opposition in 1924 and Stalin's assumption of the party leadership (initially with the co-equal participation of Zinoviev and Kamenev). It was that year, Trotsky now argued, which had marked the onset of the Soviet Thermidor.

This revision, however, seemed to add comparatively little in

coherence to a concept which, on Trotsky's own estimation, had hitherto 'served to becloud rather than to clarify' the question of the essential nature of the developments which had taken place in the Soviet Union since the death of Lenin. The thesis that the U.S.S.R. had experienced its Thermidor in 1924 was hardly tenable. As Deutscher has emphasised, the defeat of the Opposition in that year could by no means be equated with the collapse and dissolution of the Jacobin movement but corresponded rather to the demise of the radical Jacobins which had occurred some time before 9 Thermidor 1794. Moreover, while the French Thermidor had marked the end of the revolutionary transformation of the social relations of production, this process did not come to a halt in the U.S.S.R. with the rise of Stalin, but actually witnessed its most radical and violent extension under his rule in the form of the forced collectivisation of the peasantry. (PO, p. 316)

From his revision of the concept of Thermidor, Trotsky turned to the related theme of Bonapartism. He had by now abandoned the idea of a Bonapartist military coup as being an imminent possibility, returning instead to the related and more fundamental concept of Bonapartism as the rule of an individual – Stalin – which he had already explored some years earlier. (See PU, pp. 458–64) Marx had characterised Bonapartism as a regime in which the state apparatus acquired a considerable degree of autonomy and independence of all classes in a social formation, while remaining the guarantor of the dominant relations of production. Typically, the bourgeois state in the period of the initial growth and expansion of industrial capitalism was a 'weak' state, in that this expansion was accompanied by a destructuring of the feudal absolutist state apparatus which had, hitherto, hindered the expanded reproduction of the capitalist mode of production. Where the capitalist state was characterised by a large and powerful administrative apparatus, as in the France of the Second Empire, this was in fact an indication of the insecurity rather than of the strength of the bourgeoisie, hence Marx's assertion that

It was a feeling of weakness that caused them to recoil from the pure conditions of their own class rule and to yearn for the former more incomplete, more undeveloped and precisely on that account less dangerous forms of this rule. (EB, pp. 118–19)

In *The Civil War in France*, Marx again analysed the Bonapartist

state in terms of the weakness of the bourgeoisie, although with a significant shift of emphasis, arguing that 'it was the only form of government possible at a time when the bourgeoisie had already lost, and the working-class had not yet acquired, the faculty of ruling the nation'. (CW, pp. 286-7) The Bonapartist state was thus superimposed on, and was actually the resultant of, a stalemate in the political balance of class forces, nevertheless functioning so as to ensure the continued reproduction of capitalist social relations of production.

In his 1935 article *The Workers' State and the Question of Thermidor and Bonapartism*, Trotsky attempted to extend the Marxist concept of Bonapartism to encompass a 'balancing' between internal and external class forces:

The Soviet bureaucracy - 'Bolshevist' in its traditions but in reality having long since renounced its traditions, petty bourgeois in its composition and spirit - was summoned to regulate the antagonism between the proletariat and the peasantry, between the workers' state and world imperialism: such is the social base of *bureaucratic Centrism*,¹³ of its zigzags, its power, its weakness, and its influence on the world proletarian movement which has been so fatal. As the bureaucracy becomes more independent, as more and more power is concentrated in the hands of a single person, the more does *bureaucratic Centrism* turn into Bonapartism. (Trotsky, 'Thermidor', pp. 43-4)

Here Trotsky conceptualised what he saw as being the dual role of the Soviet bureaucracy: on the one hand, its defence of the economic base of the workers' state against world imperialism and internal reaction, and on the other, its conservative outlook (characteristic of all bureaucracies) and desire to maintain the 'balance of power' in the international arena, in which the advance of world revolution and the independent activity of the international proletariat would in any event threaten its own position. As a consequence, while the bureaucracy was obliged to arrive at a 'working compromise' with imperialism if its rule was to remain secure, it simultaneously undermined the stability of the economic base upon which that rule was premised.

Elsewhere, Trotsky explained the bureaucracy's role as being that of a 'transmitting mechanism' in the struggle between the Soviet proletariat and world imperialism:

The pressure of imperialism on the Soviet Union has as its aim the alteration of the very nature of Soviet society. The struggle – today peaceful, tomorrow military – concerns the forms of property. In its capacity of a transmitting mechanism in this struggle, the bureaucracy leans now on the proletariat against imperialism, now on imperialism against the proletariat, in order to increase its own power. At the same time it mercilessly exploits its role as distributor of the meagre necessities of life in order to safeguard its own well-being and power. By this token the rule of the proletariat assumes an abridged, curbed, distorted character. One can with full justification say that the proletariat, ruling in one backward and isolated country, still remains an oppressed class. The source of oppression is world imperialism; the mechanism of transmission of the oppression – the bureaucracy. If in these words “a ruling and at the same time an oppressed class” there is a contradiction, then it flows not from the mistakes of thought but from the contradiction in the very situation of the U.S.S.R. (Trotsky, ‘State’, p. 94)

In his major work on the Soviet Union and Stalinism, Trotsky argued that Soviet Bonapartism, on the one hand, and Fascism, as a twentieth century variant of bourgeois Bonapartism,¹⁴ on the other, represented two parallel developments characteristic of the retarded maturation of the world socialist revolution, for which the ‘objective’ conditions were already ‘over-ripe’, and the consequent inability of the proletariat thus far to realise the world-historical role which Marx had projected for it:

In the last analysis, Soviet Bonapartism owes its birth to the belatedness of the world revolution. But in the capitalist countries the same cause gave rise to fascism. We thus arrive at the conclusion, unexpected at first glance, but in reality inevitable, that the crushing of Soviet democracy by an all-powerful bureaucracy and the extermination of bourgeois democracy by fascism were produced by one and the same cause: the dilatoriness of the world proletariat in solving the problems set for it by history. Stalinism and fascism, in spite of a deep difference in social foundations, are symmetrical phenomena. In many of their features they show a deadly similarity. A victorious revolutionary movement in Europe would immediately shake not only fascism, but Soviet Bonapartism. In turning its back to the international revolution,

the Stalinist bureaucracy was, from its own point of view, right. It was merely obeying the voice of its own self-preservation. (RB, pp. 278-9)

By this time, Trotsky had abandoned his earlier designation of Stalinist political practice as 'bureaucratic centrism', having come to regard the bureaucracy as being, in its international relations, overtly counter-revolutionary. This, indeed, was the pretext for the formation, in September 1938, of the Fourth International, as well as being the basis for Trotsky's acceptance of the designation 'counter-revolutionary workers' state' applied to the Soviet Union. (See IDM, pp. 30-1)

The implicit distinction between the partially progressive internal role of the bureaucracy (as the guardian of the social relations of production established by the October Revolution) and its wholly counter-revolutionary international role was an awkward one. If the Soviet social formation remained a workers' state (albeit 'degenerated'), it was difficult to see how this could fail to influence to some extent the bureaucracy's external relations, that is, how it could function consistently as an agency of counter-revolution. In fact, the elements of a solution to this apparent conceptual dilemma were contained in certain of Trotsky's writings of 1939 and 1940 in which he attempted to elucidate the developments in the Soviet-occupied areas of Poland, ceded to the Red Army as a consequence of the Nazi-Soviet Pact (see Chapter 4).

While it can be conceded that Trotsky's Bonapartist analogy is a useful one for an understanding of the character and role of the Soviet bureaucracy, there is, however, an important qualification to be made:

Stalin exercised his rule not so much through an "independent" state machine as through an independent party machine through which he also controlled the state. The difference was of great consequence to the course of the revolution and the political climate of the Soviet Union. The party machine considered itself to be the only authorized guardian and interpreter of the Bolshevik idea and tradition. Its rule therefore meant that the Bolshevik idea and tradition remained, through all successive pragmatic and ecclesiastical reformulations, the ruling idea and dominant tradition of the Soviet Union. This was possible only because the idea and tradition were firmly anchored in the social

structure of the Soviet Union, primarily in the nationalised urban economy. (PU, pp. 462–3)

It was precisely for this reason that Trotsky's reference to the bureaucracy's having 'expropriated the proletariat politically' (Trotsky, 'Nature', p. 7) was inexact. Since the bureaucracy's power and privileges were dependent on the social relations of production established by the proletarian revolution, its political practice necessarily enshrined, in however distorted and perverted a form, the continuity of that revolution and its ideological expression. It can, with more precision, be said that the bureaucratically degenerated workers' state constitutes a social formation characterised by the institutional exclusion of the working class from the administration of its own state, an administrative monopoly being ensured for the party-state bureaucracy itself. (See Mandel (1975b), p. 108)

THE STATE IN THE TRANSITION PERIOD: THE CO-ORDINATES OF BUREAUCRATIC DEGENERATION

The concept of Soviet Bonapartism did not in itself explain the origins of the bureaucracy or the basis of its continued reproduction, nor was it intended to do so (although B. Biro¹⁵ has mistakenly contended otherwise: see Biro, 1969, I, 11). The material conditions of existence of Stalinism lay rather in the nature of the transition period.

With the emergence of a workers' state and its nationalisation of the means of production, there inevitably arises a contradiction between the character of the productive forces (the technical relations of production) and the newly-established social relations of production (see Chapter 6). This contradiction derives from (among other things) the fact that the socialist mode of production presupposes a much higher level of development of the forces of production than exists at present on a world scale. The expansion of the productive forces, Marx and Engels emphasised, was an 'absolutely necessary practical premise' for the socialist transformation of the post-capitalist social formation because 'without it want is merely made general, and with destitution the struggle for necessities and all the old filthy business would necessarily be

reproduced'. (GI, p. 56) Engels argued from essentially similar premises when he wrote elsewhere that:

The separation of society into an exploiting and an exploited class, a ruling and an oppressed class, was the necessary consequence of the deficient and restricted development of production in former times. So long as the total social labour only yields a produce which but slightly exceeds that barely necessary for the existence of all; so long, therefore, as labour engages all or almost all of the time of the great majority of the members of society – so long, of necessity, this society is divided into classes. (SUS, pp. 424–5)

What should not be inferred from this, however, is that the mere quantitative expansion of productivity can of itself bring about the successful conclusion of the transition period and the abolition of classes and the state. Subsequently, however, Karl Kautsky appeared to do precisely this. Following Engels' *Introduction to The Class Struggles in France* (CSF, pp. 5–26), in which he had compared the contemporary socialist movement with Christianity under the Roman Empire, Kautsky went on to ask the question whether, after it conquered power, the socialist movement would be subject to the same degenerative process which had afflicted Christianity after it became the Roman state religion. There were, he observed, a number of important differences between these two situations, in particular the fact that when the Catholic Church had attained dominance, the forces of production had for three centuries previously been undergoing a progressive decline and disintegration. The 'communism' of the early Christians, as a reaction against this decline and the moral decay which accompanied it, neither needed to nor could become a universal form of social organisation, whereas socialism, because of the very nature and dynamic of that mode of production which it was destined to supplant, could only be realised in such a form. The vast expansion of productive capacity generated by industrial capitalism had already created the basis for the effective suppression of the conditions of reproduction of social classes, in contrast to the mere abolition of class distinctions which had prevailed within the early Christian movement. It could safely be concluded, according to Kautsky,

... not only that Socialism will not develop any internal contradictions in the period preceding [its] victory, that will be comparable with those attending the last phases of Christianity, but also that no such contradictions will materialise in the period in which the predictable consequences of this victory are developed. (Kautsky, 1972, pp. 468–9)

Kautsky's facile optimism can be recognised, in retrospect, as having been a product of the economism which characterised the Marxism of the Second International, a technological conception of the category of mode of production in which the transition to socialism, as a higher mode, consisted essentially in the 'freeing' of the productive forces from the limitations inscribed in the existing (capitalist) relations of production.

It was against Kautsky's optimistic prognosis and, indeed, against the very concept of a classless society that Michels argued, in his *Political Parties*, that

... social wealth cannot be satisfactorily administered in any other manner than by the creation of an extensive bureaucracy. In this way we are led by an inevitable logic to the flat denial of the possibility of a state without classes. The administration of an immeasurably large capital confers upon the administrator influence at least equal to that possessed by the private owner of capital. Consequently the critics in advance of the Marxist social order ask whether the instinct which today leads the members of the possessing classes to transmit to their children the wealth which they (the parents) have amassed, will not exist also in the administrators of the public wealth of the socialist state, and whether these administrators will not utilise their immense influence in order to secure for their children the succession to the offices which they hold. (Michels, 1915, pp. 399–400)

It would seem that Bukharin was the only major Bolshevik theorist systematically to confront Michels' critique of the Marxist concept of the 'withering away' of classes and of the state, which he did in his *Historical Materialism: A System of Sociology*. He wrote that

Engels was ... right when he said that the classes up to a certain moment are an outgrowth of the insufficient evolution of the productive forces; administration is necessary, but there is not

sufficient bread for all, so to speak. Parallel with the growth of the socially necessary organizational functions, we therefore have also a growth of private property. But communist society is a society with highly developed, increased, productive forces. Consequently it can have no economic basis for the creation of its peculiar ruling class. For—even assuming the power of the administrators to be stable, as does Michels—this power will be the power of specialists over machines, not over men. How could they, in fact, realize this power with regard to men? Michels neglects the fundamental decisive fact that each administratively dominant position has hitherto been an envelope for economic exploitation. This economic exploitation may not be subdivided. But there will not even exist a stable, close corporation, dominating the machines, for the fundamental basis for the formation of monopoly groups will disappear; what constitutes an eternal category in Michels' presentation, namely, the "incompetence of the masses" will disappear, for this incompetence is by no means a necessary attribute of every system; it likewise is a product of the economic and technical conditions, expressing themselves in the general cultural being and in the educational conditions. We may state that in the society of the future there will be a colossal over-production of organizers, which will nullify the *stability* of the ruling groups. (Bukharin, 'Materialism', p. 310)

This did not, however, as Bukharin acknowledged, resolve the problem of the transition period. While the proletariat might succeed in establishing its dictatorship, it neither was, nor could yet be, a homogeneous social category. Its victory, moreover, was typically the development of a conjuncture which was characterised by a signal instability of the productive forces. As a consequence, Bukharin argued, it must be recognised that there would 'inevitably result a *tendency* to "degeneration", i.e. the excretion of a leading stratum in the form of a class-germ'. (Bukharin, 'Materialism', p. 310) It could nevertheless be expected, he concluded, that:

This tendency will be retarded by two opposing tendencies; first, by the *growth of the productive forces*; second, by the abolition of the *educational monopoly*. The increasing reproduction of technologists and organisers in general, out of the working class itself, will undermine this possible new class alignment. The outcome of the

struggle will depend on which tendencies turn out to be the stronger. (Bukharin, 'Materialism', pp. 310-11)

It is essential to emphasise, especially in view of the confusion introduced by Cohen,¹⁶ that the 'degeneration' to which Bukharin referred was not that of the state apparatus, the proletarian character of which he regarded as having been definitively established by the class dynamic of the October Revolution itself. The 'possible new class alignment' upon whose emergence he speculated was that of what he elsewhere described as the 'technological intelligentsia' or the 'technological mental labourers'.

This stratum was inseparable from the evolution of the capitalist mode of production itself and the development of its contemporary monopolistic and 'stateified' forms:

. . . the technological mental labourers and the great bourgeois organizers constituted the basic web of production relations of a higher order, of the system of economic administration (syndicates, cartels, trusts, organs of state capitalist administration). (Bukharin, 'Economics', p. 76)

It was precisely for this reason, Bukharin maintained, that the technological intelligentsia was 'a material which is notoriously necessary for the period of reconstruction' (that is, the socialist reorganisation of the economy), and had therefore to be 'regrouped'. Within the capitalist mode of production, while fulfilling organisational and technological-scientific functions in the process of production, it was 'at the same time *socially the mechanism of transfer* for the extortion of surplus-value as a special category of profit'. (Bukharin, 'Economics', p. 74) Under the proletarian dictatorship, while still exercising powers of direction over the workers, the technological intelligentsia was ultimately responsible to the proletariat itself. It would, moreover, begin 'to lose its social caste character in this system, insofar as continually new groups rise from the midst of the proletariat and gradually place themselves at the side of the "old" technological intelligentsia'. (Bukharin, 'Economics', p. 76)

Bukharin, as already indicated, saw the source of 'degeneration' during the transition period in the heterogeneity of the working class and in the fact that the productive forces were, at this time, 'materially insecure'. While arguing from the Soviet experience, he

nevertheless articulated this thesis as being applicable to all social formations in transition between capitalism and socialism. In *Economics of the Transformation Period*, he averred that after the proletarian revolution, as in the case of all revolutions hitherto, there inevitably occurred a decline in the productive forces, as a consequence of the disorganisation and destructuring of the 'economic apparatus' paralleling the disintegration of the existing state apparatus. It can be argued that this theory, together with others which originated during the period of War Communism (both *Economics of the Transformation Period* and *Historical Materialism* date from 1920), were no more than 'ex post facto justifications of something which had not been expected to happen but which it had not been possible to prevent' (BR, II, 197), and it is in any case necessary to differentiate the imputed attributes of the 'frictional transition period' from the intrinsic problems of the transition *sensu stricto*. (See Mandel, 1968, p. 608) Bukharin's thesis, however, does reflect a significant dimension of the problematic of the transition in its Soviet context: not only was the development of the productive forces inadequate to initiate the socialist reconstruction proper of the Soviet social formation, but it was also much lower than in the European capitalist countries. As a consequence, the U.S.S.R. was compelled to undertake the tasks of 'socialist accumulation' simultaneously with those of 'primitive accumulation' (the creation of a mass industrial base).

This eventuality, it is clear, had not figured in the Bolsheviks' calculations in the early years of the Soviet state. As Lewin has emphasised:

In the eyes of its originators the October Revolution had neither meaning nor future independent of its international function as a catalyst and detonator: it was to be the first spark that would lead to the establishment of socialist regimes in countries which, unlike Russia, possessed an adequate economic infrastructure and cultural basis. Unless it fulfilled this function, the Soviet regime should not even have survived. (Lewin, 1975, p. 3)

It followed from this perspective that the Bolsheviks had the strongest possible motivation for doing all they could to extend the revolution to the more advanced European countries. Both Lenin and Trotsky certainly believed in 'permanent revolution' in this

sense, although it was admittedly not the sense in which Trotsky had originally used the term (see Chapter 1). It was, nevertheless, the only sense which had any relevance to the situation in which the Bolsheviks found themselves after the October Revolution, and it was indeed 'permanent revolution' as thus defined which became the object of attack by Stalin and to which he counterposed the theory of 'socialism in one country'.¹⁷ With the subsidence of the revolutionary wave in Europe, and more especially after the defeat of the German revolution in October, 1923 (the triumvirate's contribution to which Trotsky attacked in *The Lessons of October*),¹⁸ the isolation of the new Soviet state increased. The U.S.S.R. was compelled to defend itself against possible military aggression by the capitalist West, and in doing so to divert a large, and necessarily increasing share of its social product away from the tasks of socialist construction, while at the same time the far higher standard of living in the West represented a potentially very strong source of ideological attraction and social tensions among the Soviet people.¹⁹

Marx, in the *Critique of the Gotha Programme*, had argued that bourgeois norms of distribution ('bourgeois right') must inevitably remain in force for some time after the collectivisation of the means of production. Developing this theme, Lenin had referred to the persistence, during the transition period, of 'not only bourgeois right, but even the bourgeois state, without the bourgeoisie' (see Chapter 2). Taking up Lenin's essential thesis, Trotsky pointed out that the state apparatus in the transitional social formation necessarily assumed, from the very outset, a dual character: proletarian, insofar as it defended the nationalised means of production, as the socio-economic base of the workers' state, and bourgeois, to the extent that it was obliged, as long as it was impossible to implement direct and equal access for all to consumer goods, to support the retention of privilege and inequality. This meant that, inevitably, 'even the most revolutionary bureaucracy is to a certain degree a bourgeois organ in the workers' state'. (Trotsky, 'State', p. 93) The conditions of existence of the Stalinist bureaucracy were given in this role of the state as the regulator of distribution:

The basis of bureaucratic rule is the poverty of society in objects of consumption, with the resulting struggle of each against all. When there is enough goods in a store, the purchasers can

come whenever they want to. When there is little goods, the purchasers are compelled to stand in line. When the lines are very long, it is necessary to appoint a policeman to keep order. Such is the starting point of the bureaucracy. It "knows" who is to get something and who has to wait. (RB, p. 112)

Hindess, citing this passage, has argued that:

In many respects Trotsky's position derives from a vulgar economic problematic of scarcity and its effects. Communism is represented as the utopian counterpart to the realm of scarcity, and it is only with the abolition of scarcity that the problems of bureaucracy, greed, etc., will be overcome. (Hindess, 1976, p. 26)²⁰

Trotsky's approach, Hindess considers, effectively asserts the primacy of the productive forces, thereby tending

... to denegate what has always been primary in Marxism, namely, the decisive role of the class struggle in history. At the very least the class struggle must be relegated to a secondary level of effectivity whose function is to clear away the more pressing obstacles to the forward march of the productive forces. Advance the productive forces sufficiently and, sooner or later, the relations of production will advance themselves. It follows, for example, that the primary task of the era of the dictatorship of the proletariat is the most rapid development possible of the productive forces. (Hindess, 1976, p. 2)

If Trotsky really did relegate the class struggle to 'a secondary level of effectivity', it would indeed be difficult to understand the basis for his sustained opposition to Stalinism and the bureaucratic degeneration of the Bolshevik Party and the Soviet state. On Hindess' view, Trotsky's continued dissent after the inauguration of the industrialisation drive and the first Five Year Plan in 1928 would be explicable only in terms of personal pique on Trotsky's part. Many oppositionists, including Preobrazhensky, were certainly reconciled with the party leadership at this time (if only temporarily). Trotsky, however, continued to insist that the economic problems of the U.S.S.R. necessitated a political solution,

and that the question of its future development 'will be decided by a struggle of living social forces, both on the national and the world arena'. (RB, p. 255)²¹ Hindess' theoreticism,²² moreover, inevitably abstracts from such substantive factors as, for example, the potential for a drastic shortening of the working day which would result from a sustained expansion of the forces of production during the transition period, such a reduction of necessary labour-time being a prerequisite for the full participation of workers in political activities as well as in the functions of administration and management so that, in Lenin's expression, 'all may become "bureaucrats"' for a time and that, therefore, *nobody* may be able to become a bureaucrat'. (SR, p. 343) Concretely, the development of the productive forces in the post-capitalist social formation is in no sense external to or separate from the class struggle (as the thesis of the primacy of the latter upheld by Hindess and others asserts), but rather represents an essential moment of that struggle, as one of the 'specific tasks' which the 'different forms' assumed by the class struggle under the dictatorship of the proletariat entail. (See Lenin, 'Economics', pp. 503-4) This is all the more so because the principal productive force is the working class itself, whose political and cultural transformation constitutes an integral part of that development, which cannot therefore be apprehended as the purely materio-technical expansion of productive capacity.

In his critique of *The Revolution Betrayed* Michail has pointed out, correctly, that Trotsky's discourse seems often to be informed by a 'technological determinism' (a theoretical error which is even more apparent in those of his works dating from the period of War Communism but which is also evident, for example, in many of Lenin's writings: see Chapter 4). Michail sees this, and Trotsky's emphasis on the low level of development of the productive forces in explaining the origins and continued reproduction of the Soviet bureaucracy (although it should be noted that Trotsky stressed both the materio-technical and the 'cultural' aspects of 'economic backwardness'), as facets of his 'economism'. Against the Trotskyist view, he argues that

In the contemporary period, the problem of bureaucracy has to be seen in terms of the ideologies and relationships which underpin the bureaucratic practices of the state and which reproduce forms of separation between the people and the state which one normally associates with the capitalist state . . .²³

The implication here is that the economic advantages enjoyed by the bureaucracy are no longer relevant to an appraisal of the dynamics of the Soviet social formation. No viable analysis, however, can abstract from the material social conditions of existence of the 'ideologies and relationships' to which Michail refers, and which those 'ideologies and relationships' serve in turn to legitimate or to obscure. It is surely pertinent, in other words, to ascertain the nature of the interests served by the existing 'forms of separation between the people and the state'. Michail's approach effectively renders the question invisible.

Superimposed upon the role of the state in the transition period as the enforcer of 'bourgeois norms', Trotsky pointed out, was the character of the bureaucracy itself as a materially privileged stratum:

Alongside the economic factors dictating capitalistic methods of payment at the present stage, there operates a parallel political factor in the person of the bureaucracy itself. In its very essence it is the planter and protector of inequality. It arose in the beginning as the bourgeois organ of a workers' state. In establishing and defending the advantages of a minority, it of course draws off the cream for its own use. Nobody who has wealth to distribute ever omits himself. Thus out of a social necessity there has developed an organ which has far outgrown its socially necessary function, and become an independent factor and therewith the source of great danger for the whole social organism. (RB, p. 113)

It was thus the case that, not only had industrial expansion and the growth of productivity not undermined the social basis of the bureaucracy's power, but this power and its attendant privileges had actually been consolidated and even promoted. Given the backwardness and isolation of the workers' state, the interaction of privileges in the exercise of administrative power and in the sphere of consumption was inevitable. The October Revolution, Trotsky observed, had fulfilled the political and cultural function of awakening individualism among the masses, which in Europe had been a consequence of the bourgeois revolutions and their aftermath. In the Soviet context, this process could have only a petty bourgeois character, with the bureaucracy itself assuming the role of

the principal bearer of the most extreme expressions of petty bourgeois individualism.

Throughout his account in *The Revolution Betrayed*, Trotsky emphasised the role of the Soviet bureaucracy as determining the degenerative process which resulted in its uncontested dominance within the Soviet social formation. While the bureaucracy, by dint of the policies which it urged on the member parties of the Comintern, promoted a series of revolutionary defeats in their respective countries, these very defeats (suitably explained) served to enhance and consolidate its own position, both by engendering disillusionment, passivity, and introspection among the Soviet masses, and by strengthening its international status as the hitherto only successful interpreter of Marxist-Leninist political practice (a prerogative which was of course rejected by Trotsky and the Opposition).

Trotsky's analysis thus depicted the bureaucratic degeneration of the workers' state as being a function of the complex interaction of both 'objective' and 'subjective' factors, so that, as Mandel has stated:

The enfeeblement of the proletariat in 1920–1921 doubtless made inevitable the bureaucratic *distortion* of the workers' state mentioned by Lenin. But all that ensued does not follow inevitably from this initial situation. At most one can say that this situation was pregnant with danger – as Lenin perceived almost at once. It was not inevitable that the decline of the proletariat in numbers and economic importance should continue. The number of wage-earners actually increased by 50 per cent between 1922–1923 and 1925–1926, and could have been made to increase even more rapidly. It was not inevitable that this numerical increase should be accompanied by persistent unemployment. It was not inevitable that it should fail to lead to a resumption of political activity. In other words, the transformation of “bureaucratic distortion” into “bureaucratic degeneration” was not the inevitable consequence of the objective conditions existing in Russia in 1920–1921. It resulted from the interaction between these conditions and the *role played by the subjective factor*, that is, by the Bolshevik leadership and the Party. (Mandel, 1975b, p. 109)

The essence of this dynamic interaction, as a consequence of

which bureaucratism or 'bureaucratic distortions' became effectively transmuted into bureaucratic degeneration proper, consisted in the fact that

. . . a whole series of political and institutional errors committed by the Bolshevik party aided the process of integration of party and state apparatuses and their simultaneous bureaucratisation, so that the party became sociologically incapable of acting as a brake on this process.²⁴

These errors included the ban on factions within the party instituted at its Tenth Congress in March 1921, and the single-party practice which, although it was never enshrined in a formal decree, was adopted *de facto* from May of the same year. (See BR, I, 183-5 and 205-8)

The second of these errors received explicit recognition in the major programmatic document which Trotsky prepared for the founding conference of the F.I. in 1938, in which the re-institution of a multi-party system ('the legalisation of soviet parties') within a similarly reconstituted soviet system was stated to be one of the immediate objectives of the political revolution in the U.S.S.R. (TP, p. 105) Although Trotsky never formally repudiated the Tenth Congress resolution on factions, this was implicit in his declaration in an article written in 1939 that:

Whoever prohibits factions thereby liquidates party democracy and takes the first step towards a totalitarian regime. . . . It is true that the Bolshevik Party forbade factions at the Tenth Party Congress in March 1921, a time of mortal danger. One can argue whether or not this was correct. The subsequent course of development has in any case proved that this prohibition served as one of the starting points of the party's degeneration. The bureaucracy presently made a bogey of the concept of "faction", so as not to permit the Party either to think or breathe. Thus was formed the totalitarian regime which killed Bolshevism.²⁵

As significant as either of these tactical errors was the Bolsheviks' apparent inability to recognise that proletarian power could not be effectively exercised at the political level without also being exercised at the point of production (see Chapter 6). Even given the existence of a vital socialist democracy and a high level of political

consciousness and activity on the part of the Soviet working class, such an asymmetry could not have been other than dangerously unstable; in the context of the passivity of the proletariat in the aftermath of the devastation wrought by the Civil War and the ebb of revolution in Europe, it was a recipe for disaster. All the safeguards which had been introduced against the possible abuse of the centralisation of authority (as evidenced, in particular, by *edinonachalie*, the principle of one-man management) which had come to characterise Soviet industry could be seen to depend, in the last analysis, on the health of the political power.²⁶ These safeguards, such as the *troika* (the tripartite system under which party branches and factory trade union committees co-operated in the running of industry together with technical management, which was *de jure* under their control), became progressively more fictitious until they were formally abolished by the bureaucracy, which also proceeded to liquidate all vestiges of trade union autonomy.

Trotsky himself, however, did at least correct the conception of the role of the trade unions in the Soviet state which he had articulated during the Trade Union Debate of 1920 and which was encapsulated in his book *Terrorism and Communism*.²⁷ Thus, in 1933, he asserted that:

The relative independence of the trade unions is a necessary and important corrective in the Soviet state system, which finds itself under pressure from the peasantry and the bureaucracy. Until such time as classes are liquidated the workers—even in a workers' state—must defend themselves with the help of their professional organisations. In other words: the trade unions remain trade unions just as long as the state remains a state, that is, an apparatus of compulsion. The statification of the trade unions can only take place parallel with the de-statification of the state itself. Consequently, in the same measure as the elimination of classes deprives the state of its functions of compulsion, causing it to dissolve itself into society, the trade unions lose their special class functions and dissolve into the state, which is withering away. (Cited in Day, 1973, pp. 186–7)

In retrospect, it can be recognised that the increasing political passivity of the Soviet proletariat constituted the most serious immediate danger confronting the U.S.S.R. in 1921, as against the

estimation of Lenin and the Bolshevik Party that the real threat lay in the potential political use which the *kulaks* and the N.E.P.-bourgeoisie might make of their growing socio-economic power.²⁸ The tactical errors of the ban on factions and the exclusion of opposition parties from the political arena flowed directly from this faulty perspective. However, by tightening intra-party discipline and establishing an altogether less open political regime, the Bolsheviks further encouraged the de-politicisation of the Soviet working class and thereby gave an additional impetus to the tendency

. . . which would facilitate *both* the bureaucratic degeneration of the ruling authority *and* the increased danger of a restoration of capitalism, leaving the way open, in the last resort, only to an administrative-repressive struggle against this latter danger—in other words, that calamity for the Soviet people, the forced collectivisation of agriculture by means of terror. (Mandel, 1975b, p. 111)

Ultimately, the political and institutional mistakes made by Lenin and the Bolsheviks are inseparable from a problem which is inherent in the practice of proletarian dictatorship, encapsulated by Christian Rakovsky in the expression: 'the political dangers of power'. Explaining this conception, Rakovsky wrote that

I do not refer here to the objective difficulties due to the whole complex of historical conditions, to the capitalist encirclement on the outside, and the pressure of the petty bourgeois inside the country. No, I refer to the inherent difficulties of any directing class, consequent on the taking, and on the exercise of power itself, on the ability or inability to make use of it. (Rakovsky, 'Dangers', p. 19)

This theme assumes an even greater relevance when it is related to the specific characteristics of the proletarian revolution, to which Bukharin addressed himself in his 1921 article *The Bourgeois Revolution and the Proletarian Revolution*. He pointed out that while the bourgeoisie had been able to create the material and cultural supports for its future rule within the feudal social formation, and thus to organise itself as a hegemonic class before the overthrow of feudalism, the situation was altogether different in the case of the

proletarian revolution. Because the working class, unlike the nascent bourgeoisie under feudalism, was an exploited class, and had been dispossessed of the means of production (which was indeed the basis of that exploitation), it was not possible for socialism to emerge as a subordinate mode of production within social formations dominated by the capitalist mode of production. Given the structural constraints on the proletariat's ability to organise its own hegemony prior to the revolutionary overthrow of capitalism (although the political expression of these constraints, corresponding to the respective form of class domination, was clearly different in pre-revolutionary Russia from that in Western liberal-democratic regimes), it is inevitably the case that 'it ripens as the organizer of society only in the period of its dictatorship'. (Cited in Cohen, 1974, p. 142)

POLITICAL OR SOCIAL REVOLUTION?—THE SOCIO-ECONOMIC STATUS OF THE SOVIET BUREAUCRACY

The Soviet bureaucracy, Trotsky considered, possessed many of the attributes of the apparatuses of the working-class organisations in the capitalist countries. In several works he actually drew the analogy between the degenerated workers' state and a bureaucratised and reactionary trade union:

The Soviet Union can be called a workers' state approximately in the same sense—despite the vast difference in size—in which a trade union, led and betrayed by opportunists, that is, by agents of capital, can be called a trade union.²⁹

The analogy is by no means invalid; Therborn has pointed out that the Stalinist 'technology of rule' can best be conceptualised as an authoritarian variant of that working-class collective organisational form which he terms 'cadre administration' or 'cadre leadership'. (See Therborn, 1978, pp. 56 ff.) This is certainly distinct from the *Zweckrational* functioning of the state bureaucracy in social formations dominated by the capitalist mode of production. This apart, the Soviet bureaucracy, as Trotsky emphasised, is endowed with certain structurally-determined characteristics by virtue of which it must be regarded as being *sui generis*:

In no other regime has a bureaucracy ever achieved such a degree of independence from the dominating class. In bourgeois society, the bureaucracy represents the interests of a possessing and educated class, which has at its disposal innumerable means of everyday control over its administration of affairs. The Soviet bureaucracy has risen above a class which is hardly emerging from destitution and darkness, and has no tradition of dominion or command. Whereas the fascists, when they find themselves in power, are united with the big bourgeoisie by bonds of common interest, friendship, marriage, etc., the Soviet bureaucracy takes on bourgeois customs without having beside it a national bourgeoisie. In this sense we cannot deny that it is something more than a bureaucracy. It is in the full sense of the word the sole privileged and commanding stratum of the Soviet society.

Another difference is no less important. The Soviet bureaucracy has expropriated the proletariat politically in order by methods of *its own* to defend the social conquests. But the very fact of its appropriation of political power in a country where the principal means of production are in the hands of the state, creates a new and hitherto unknown relation between the bureaucracy and the riches of the nation. The means of production belong to the state. But the state, so to speak, "belongs" to the bureaucracy. (RB, pp. 248-9)

While the essential substance of Trotsky's thesis here is quite clear, there are some questionable aspects to his formulation of it, one such being his reference to the Soviet bureaucracy's having 'expropriated the proletariat politically' (see above). Moreover, notwithstanding the apparent precedent of Marx's observation, in his *Critique of Hegel's Doctrine of Right*, that the state bureaucracy in the bourgeois regime possesses the state apparatus '*as its private property*' (PEW, p. 108), the state should rather be seen, as Poulantzas has demonstrated,

. . . as a relation, or more precisely as the condensate of a relation of power between struggling classes. In this way we escape the false dilemma . . . between the State comprehended as a Thing/instrument and the State comprehended as Subject. As a Thing: this refers to the instrumentalist conception of the State, as a passive tool in the hands of a class or fraction, in which case the

State is seen as having no autonomy whatever. As Subject: the autonomy of the State, conceived here in terms of its specific power, ends up by being considered as absolute, by being reduced to its 'own will', in the form of the rationalizing instance of civil society . . . and is incarnated in the power of the group that concretely represents this rationality/power (bureaucracy, élites). (Poulantzas, 1976, p. 74)

Not only in his analysis of the character and dynamics of the contemporary U.S.S.R., but also in his evaluation of potential future developments within it, Trotsky took as his reference point the question of property relations.³⁰ If, he argued, the 'as yet wholly new relations' between the bureaucracy and the state-owned means of production 'should solidify, become the norm and be legalized', the eventual result could only be the liquidation of the social relations of production established by the October Revolution. Since it had 'not created social supports for its dominion in the form of special types of property', however, the bureaucracy was 'compelled to defend state property as the source of its power and income', in which aspect of its activity it continued to be 'a weapon of proletarian revolution'. (RB, p. 249)

Notwithstanding its administrative monopoly, Trotsky concluded, there was no means whereby the bureaucracy could transmit its power and material privileges to its offspring:

The bureaucracy has neither stocks nor bonds. It is recruited, supplemented and renewed in the manner of an administrative hierarchy, independently of any special property relations of its own. The individual bureaucrat cannot transmit to his heirs his rights in the exploitation of the state apparatus. The bureaucracy enjoys its privileges under the form of an abuse of power. It conceals its income; it pretends that as a special social group it does not even exist. Its appropriation of a vast share of the national income has the character of social parasitism. (RB, pp. 249-50)

It was precisely on the basis of this analysis that Trotsky rejected any attempt to characterise the bureaucracy as a class, designating it instead as a 'caste'. It is questionable, however, whether his description of the bureaucracy's derivation of its income and

associated material benefits as 'social parasitism' is fully appropriate. As Biro has pointed out:

This metaphor implies that attached to an otherwise whole and healthy body is a separate organism exacting tribute. However it is clear that there is no such distinct separation to be made in Soviet society. The bureaucracy is as much constitutive of the body of Soviet society as is the working class. It does not simply levy a toll on the produce of the economy—it organises production itself, it alone projects the course of the economy. Of course there are sectors of the bureaucracy solely employed on non-economic functions necessary for the general rule of the stratum . . . and this represents an enormous waste of resources surpassing capitalist advertising budget wastes. Nevertheless it is incontestable that the bureaucracy does not simply exact tribute with the mailed fist, but has a basis in production itself right down to factory level. The mode of production itself is bureaucratic. (Biro, 1969, II, 5–6)

In the third volume of *Capital*, Marx argued that, while capitalist authority relations and labour discipline in the production process would become superfluous under socialism, all authority could not be dispensed with, since

. . . all labour in which many individuals co-operate necessarily requires a commanding will to co-ordinate and unify the process, and functions which apply not to partial operations but to the total activity of the workshop, much as that of an orchestra conductor. This is a productive job, which must be performed in every combined mode of production. (CAP, III, 376)

Within the capitalist mode of production, the function of management and superintendence is necessary also to suppress the antagonism between worker and capitalist, giving this function an essentially 'double character'.³¹ This duality is apparent also in the relationship between government and people in social formations dominated by the capitalist mode of production (and indeed in all social formations based on exploitative social relations of production), the role of government comprising 'both the performance of common activities arising from the nature of all communities, and the special functions arising from the antithesis between the

government and the mass of the people'. (CAP, III, 376-7)³²

The duality of function to which Marx referred would seem also to characterise the Soviet bureaucracy (although complicated by the antagonism – particularly after the 1965 economic reforms – between enterprise management and the central planners), some of whose functions and functionaries are concerned with the organisation of the process of production and others with maintaining the subordinate status of the Soviet working class. In contrast with capitalist management, however, these functions are not performed in the interests of a third group which owns the means of production (although the dissociation of management and ownership in contemporary capitalism has clearly been exaggerated), but serve rather to ensure the power and privileges of the bureaucracy itself. It must be acknowledged that this constitutes a historically new situation, which is presumably why a commentator such as Ticktin, who is far from espousing a 'state capitalist' or 'new class' analysis of the Soviet social formation, has nevertheless found it necessary to argue that the bureaucracy 'perform a certain social function in production which leads to the formation of a production relation . . . they do perform an essential role in the existing system. If they were removed there would either be total collapse or another system'. (Ticktin, 1973, p. 45) This thesis, however, begs the question of precisely what production relations the bureaucracy is inserted into no less than the theory of Soviet 'bureaucratic collectivism' (see Chapter 4). These relations can only be those of planning. The fact that Ticktin designates the Soviet economy as being an 'organised' or 'administered' rather than a planned one (albeit bureaucratically planned, with the resultant waste and inefficiency and concomitant social antagonisms upon which Ticktin places so much emphasis) represents no more than a semantic or terminological divergence from an 'orthodox' Trotskyist analysis such as that of Mandel. (See Mandel, 1974b, *passim*).

It was on the basis of his characterisation of the Soviet bureaucracy as a 'caste', whose income and other material benefits were entirely dependent on the social relations of production established by the October Revolution, that Trotsky maintained that its overthrow, and the restoration of proletarian democracy, would constitute a political rather than a social revolution. Were the Stalinists to be removed by a reconstituted Marxist revolutionary party, acting as a focus for the resurgent activity of the Soviet masses, the new regime, while it would undoubtedly have to

introduce a series of basic and thoroughgoing reforms in the organisation of the productive process, would necessarily continue to base itself upon central planning and the state ownership of the means of production. The political revolution would also involve, however, the restoration of the soviet system and 'freedom of Soviet parties', the re-institution of trade union democracy and autonomy and, above all, 'a ruthless purgation of the state apparatus'. Alternatively, Trotsky observed, the re-introduction of bourgeois rule, 'although it would probably have to clean out fewer people than a revolutionary party', would represent a social revolution (actually, a counter-revolution), since its main objective must necessarily be the re-establishment of private ownership of the means of production. (RB, p. 253) He recognised, however, that 'Should a bourgeois counter-revolution succeed in the U.S.S.R., the new government for a lengthy period would have to base itself upon nationalised economy'. (Trotsky, 'State', p. 91)

As Anderson has remarked, the perspective of political revolution 'has so far been repeatedly vindicated by developments in the U.S.S.R., against the hope of those like Deutscher who believed in the possibility of a gradual and peaceful reform of bureaucratic rule from above'. (Anderson, 1976, p. 120)³³ It must be acknowledged, however, that Trotsky failed to elaborate any detailed prognosis of the possible or likely forms of the revolution against the Soviet bureaucracy³⁴ (although the content which he ascribed to it was mirrored, at least partially, in the tendencies which took shape during the abortive Hungarian revolt of 1956 and the 'Prague Spring' of 1968), a lacuna which has become all the more apparent with the characterisation, by his political successors, of the Eastern Bloc countries, China, North Korea, Cuba, and Vietnam as 'deformed workers' states'.³⁵ This designation, which is intended to signify that these social formations were not established through the intervention of revolutionary Marxist parties as was the U.S.S.R. itself and were thus bureaucratically deformed at the outset, as opposed to having degenerated from an original proletarian democracy, puts in question the perspective of political revolution in these cases, since it implicitly poses the problem of dating or otherwise defining the period at which such a revolution became appropriate.

With respect to the question of the social composition of the Soviet bureaucracy, it must be acknowledged that Trotsky's writings are not free from inconsistency. Thus, in his 1935 article

The Workers' State and the Question of Thermidor and Bonapartism, he characterised the bureaucracy as being 'petty-bourgeois in its composition and spirit', while stating also that 'the replacement of a workers' government by a bourgeois or petty-bourgeois government would inevitably lead to the liquidation of the planned beginnings and, subsequently, to the restoration of private property'. The programmatic document which he drew up for the founding conference of the F.I. contained a reference to 'the petty-bourgeois parties, including the Stalinists'. (TP, p. 95) In his last (and unfinished) major work, however, he wrote that

The substance of Thermidor was, is and could not fail to be social in character. It stood for the crystallisation of a new privileged stratum, the creation of a new substratum for the economically dominant class. There were two pretenders to this role: the petty bourgeoisie and the bureaucracy itself. They fought shoulder to shoulder in the battle to break the resistance of the proletarian vanguard. When that task was accomplished a savage struggle broke out between them. The bureaucracy became frightened of its isolation, its divorcement from the proletariat. Alone it could not crush the *kulak* nor the petty bourgeoisie that had grown and continued to grow on the basis of the N.E.P.; it had to have the aid of the proletariat. Hence its concerted efforts to present its struggle against the petty bourgeoisie for the surplus product and for power as the struggle of the proletariat against attempts at capitalistic restoration. (Leon Trotsky, *Stalin*, London, 1968, p. 408)

While this account is by no means free from ambiguities, and notwithstanding the book's still problematic status (on which, see PO, pp. 451-7), its treatment of the bureaucracy's social determination would seem to be altogether more coherent than that in the earlier works cited. It is therefore necessary to agree with Rousset when he writes that:

The Stalinist bureaucracy defends collectivised production, and cannot be confused with the petty-bourgeoisie defined by Marxists as a social class.³⁶ It could be said of the Soviet bureaucracy that it is permeated with bourgeois and petty-bourgeois ideology. But it remains nevertheless a workers'

bureaucracy in the sense that its existence is tied to the workers' state as well as to that state's degeneration.³⁷

There is, however, another sense in which Trotsky's account of the composition of the Soviet bureaucracy would seem to be in need of a certain amendment. In *The Revolution Betrayed*, he referred to the bureaucracy as the 'whole stratum, which does not engage in production, but administers, orders, commands, pardons and punishes', numbering it at five or six million, including 1½ to 2 million party members. (RB, p. 138) It was doubtless true that the bureaucracy as thus defined was significantly materially privileged in comparison with the mass of ordinary workers when Trotsky wrote in 1936. Since the 1930s, however, as a consequence of industrialisation and the vast expansion of the labour force (with, concomitantly, a massive urbanisation), the physiognomy of Soviet society has so changed that it can no longer be said that everyone employed in the party or governmental apparatuses is privileged in terms of income and status. There are now, as Ticktin has emphasised, more than fourteen million party members, among whom can be numbered almost half the male intelligentsia, and who are for the most part no better off than the average semi-skilled worker. (See Ticktin, 1973 p. 38)

While Ticktin's point would seem to constitute a valid and necessary corrective to Trotsky's forty-year-old account, he proceeds from it to a conception of the bureaucratic caste which is far too narrow when he states that 'the ruling and privileged group in the U.S.S.R. is only a part of what is called the bureaucracy – it is its own élite'. (Ticktin, 1973, p. 38) The bureaucracy can better be conceptualised, as Mandel has pointed out, as being

... a social layer which comprises all those who exercise management (leadership) functions in any sector of Soviet social life: economy, state, army, science, arts, etc. All these people are materially privileged. Their number is much larger than that of a small "élite". It probably goes into several millions. This group retains the control and administration of the social surplus product. It has a monopoly of power at every level of society. It cuts off the mass of workers, the producing peasants, and a large part of the intelligentsia from direct participation in decision making, at least at power level. It reflects, in Marxist terms, and in the broad ("macro-social" and not only "macro-economic")

sense of the word, the division of labour between production and accumulation. (Mandel, 1974b, pp. 23-4)³⁸

Both Ticktin and Mandel have criticised, from their respective standpoints, the thesis that there exists a radical sociological disjunction between the party-state bureaucracy and the 'technocratic' stratum in the Soviet social formation. One proponent of this conception is Mallet, who has written of the 'struggle . . . between a technocracy that bases its power on internal economic mechanisms—on the growth of the productive forces—and a bureaucracy installed in fossilized structures—using police control as a response to its incapacity to master the economic processes'.³⁹ Mallet has failed to provide any rigorous analytical basis for such a view, however, and a number of empirical studies have demonstrated the social integration of the party *apparatchiki* and the intelligentsia.⁴⁰ Giddens is therefore arguing from altogether sounder premises when, in the same context, he refers instead to a conflict

. . . which to some degree cross-cuts the influence of technical education as such, and which centres upon a division between the higher political administration, which seeks to maintain a strongly centralised control over economic life, and the pressure towards the de-centralisation of decision-making in the economic sphere. (Giddens, 1977, p. 244)

It is, incidentally, in its treatment of the position of the intelligentsia that Ticktin's analysis of the Soviet social formation is most persuasive and most valuable, since it locates the phenomenon of intellectual dissent in the structural contradiction between a social category—the bureaucracy—which has to administer the economy as a whole (although the recognition of this objective compulsion by no means entails a denial of Mandel's thesis that the maximisation of the private consumption interests of the managerial bureaucracy functions as the main motive force for the realisation of the plan) and a related stratum—the intelligentsia—which is unconstrained by any such systemic function and is thus concerned solely with the pursuit of its material self-interest.⁴¹ This certainly explains, for example, the antipathy towards the Soviet working class which characterises much intellectual dissent in the U.S.S.R., a fact which those accounts which analyse the dissident

movement in terms of a regeneration of socialism and revolutionary Marxism inevitably obscure.⁴²

With the qualifications already alluded to, Trotsky's extension of the Marxist theory of the dictatorship of the proletariat and the transition period to encompass the degeneration of the Soviet state and to analyse the bureaucratic regime which supplanted it would seem to provide a coherent and comprehensive account of these phenomena. It has not, however, found general acceptance among Marxist commentators, whose alternative evaluations of the character and dynamics of the Soviet social formation are now considered.

4 Bureaucratic Collectivism, State Capitalism, and the Marxist Theory of the State

THE THEORY OF BUREAUCRATIC COLLECTIVISM

Between August 1939 and April 1940 a major schism developed within the Socialist Workers' Party, the U.S. Section of the Fourth International, over the F.I.'s characterisation of the Soviet Union ('the Russian Question'). The two principal opponents of the 'orthodox' position, as represented by Trotsky himself and in the S.W.P. by the leadership around James P. Cannon, were Max Shachtman and James Burnham. They argued that, in the context of the Nazi-Soviet Pact signed on 22 August 1939, it was necessary for the International to re-evaluate its analysis of the Soviet social formation, at the same time rejecting the official political line of 'unconditional defensism'. According to Burnham, the U.S.S.R. had now to be regarded as being 'not a workers' and not a bourgeois state'.¹

It is at least probable that the oppositionists were influenced by the publication earlier in 1939 of a book by the Italian ex-Trotskyist Bruno Rizzi. Rizzi argued that the Soviet bureaucracy had crystallised as a new ruling class within an essentially new mode of production, to which he gave the name of 'bureaucratic collectivism', and in which 'Collectivised property actually belongs to the class which has introduced a new – and superior – system of production. Exploitation is transferred from the individual to the class'.² He maintained, however, that 'the Stalinist regime is an intermediary regime; it eliminates outdated capitalism, but does not rule out Socialism for the future'.³

An essentially similar thesis had been propounded several years

earlier by the French social democrat Lucien Laurat. (See Trotsky, 'Nature', pp. 15-16) Unlike Laurat, however, Rizzi did not confine his analysis to the Soviet Union, maintaining rather that bureaucratic collectivism was a universal and historically necessary stage in the development of social production, and citing the aggrandisement of the state in Fascist Italy and Nazi Germany and the expansion of state interventionism in the U.S. under Roosevelt's New Deal, as being indicative of the emergence of bureaucratic collectivism in social formations other than the U.S.S.R., which exemplified its culmination on a national scale.

In the Soviet social formation, Rizzi argued, the mode of extraction of surplus-labour did not, as in the capitalist mode of production, consist in the appropriation of surplus-value:

Exploitation occurs exactly as in a society based on slavery: the subject of the State works for the one master who has bought him, he becomes a part of his master's capital, he represents the livestock which must be cared for and housed and whose reproduction is a matter of great importance for the master. The payment of a so-called wage, consisting partly of State services and goods, should not induce us into error and lead us to suppose the existence of a Socialist form of remuneration: for indeed, it only means the upkeep of a slave! . . . The Russian working class are no longer proletarians; they are merely slaves. It is a class of slaves in its economic substance and in its social manifestations.⁴

He emphasised, nevertheless, that 'the new society will lead directly to Socialism, because of the enormous volume attained by production'.⁵ Paraphrasing the references, in the writings of Marx and Engels, to the disappearance of the state during the transition period between capitalism and socialism, he posited instead a transition between bureaucratic collectivism and socialism, during which 'The totalitarian State will more and more lose its political characteristics and retain only its administrative characteristics. At the end of this process we will have a classless society and Socialism'.⁶

The premise underlying Rizzi's theory was, as Deutscher has stated, that:

. . . the working class had shown itself incapable of accomplish-

ing the socialist revolution which Marxism had expected it to accomplish. Yet capitalism too had shown itself unable to function and survive. Some form of a collectivist economy was therefore bound to replace it. But as the working class had failed to cope with this task, the bureaucracy was performing it; and not socialist but bureaucratic collectivism was superseding the old order. (PO, p. 466)

Burnham came explicitly to adopt this perspective, although he preferred to conceptualise the trend it posited as the 'managerial revolution', leading, on a world scale, to the emergence of a historically new mode of production dominated by a managerial-technocratic class ('managerial society')⁷ Both conceptions, it can be recognised, derive ultimately from a technological view of the category of mode of production, in which the transition to a higher mode is seen essentially in terms of the establishment of a superior and more 'rational' – and therefore vastly more productive – organisation of labour, which frees the productive forces from the contradictions inherent in the old relations of production, thereby realising a new social structure superior to that of – in the given case – capitalism. The origins of this conception can be traced to the interpretation of Marx which evolved within the Second International, and whose essence has been summarised by Colletti:

The so-called 'economic sphere' – which in Marx had embraced both the production of *things* and the production (objectification) of *ideas*; production and intersubjective communication; material production and the production of social relations (for Marx, the relation between man and nature was also a relationship between man and man, and vice versa) – was now seen as *one isolated factor*, separated from the other 'moments' and thereby emptied of any effective *socio-historical* content, representing, on the contrary, an antecedent sphere, prior to any human mediation. *Social* production is thus transformed into 'production *techniques*'; the object of political economy becomes the object of technology. Since this 'technique', which is 'material production' in the strict sense of the term, is separated from that other simultaneous production achieved by men, the production of their *relations* (without which, for Marx, the former would not exist), the *materialist* conception of history tends to become a *technological* conception of history. (Colletti, 1972, p. 65)

The same reduction, however, is often evident in the writings of Lenin and other Bolshevik theorists, although never, of course, in the form in which it appears in the work of Rizzi and Burnham. It had, nevertheless, the most serious consequences for their theoretical and political practice (see Chapters 2 and 6). It is implicit, for example, in Trotsky's statement, in his 1920 polemic against Kautsky, that

The creation of socialist society means the organisation of the workers on new foundations, their adaptation to those foundations, and their labour re-education, with the one unchanging end of the increase in the productivity of labour. (TC, p. 156)

It is, however, in the work of Bukharin that this tendency is best exemplified, pervading his *Economics of the Transformation Period* and *Historical Materialism: A System of Sociology*, both of which, like Trotsky's *Terrorism and Communism*, date from the period of the Civil War.⁸

There is implicit in the theories of Rizzi and Burnham another, and related mistake, which Geras has attributed to a much more recent *oeuvre*, that of Louis Althusser.⁹ It consists in the articulation of what Marx regarded as a feature specific to capitalist relations of production, namely, the concept of human beings as 'the mere functionaries, or bearers (*Träger*), of the relations of production which determine their places and their functions' as 'a general proposition of historical materialism'. Such an approach, Geras argues,

... makes it impossible to comprehend ... those passages in which Marx anticipates a future social formation where, precisely, men will control their relations of production, rather than be controlled by them, when they will, therefore, cease to be mere functionaries and bearers. (Geras, 1972, p. 291)

With respect to the revolutionary movement itself, Trotsky was in no doubt about the implications of Rizzi's analysis:

The U.S.S.R. question cannot be isolated as unique from the whole historic process of our times. Either the Stalin state is a transitory formation, it is a deformation of a workers' state in a backward and isolated country, or 'bureaucratic collectivism'

... is a new social formation which is replacing capitalism throughout the world. . . . Who chooses the second alternative admits, openly or silently, that all the revolutionary potentialities of the world proletariat are exhausted, that the socialist movement is bankrupt, and that the old capitalism is transforming itself into 'bureaucratic collectivism' with a new exploiting class. (IDM, p. 1)

Shachtman, while retaining the designation 'bureaucratic collectivism', rejected Rizzi's views on the world-historical character of the phenomenon to which it referred. He maintained instead that bureaucratic collectivism constituted 'a nationally-limited phenomenon, appearing in history in the course of a single conjuncture'. (Shachtman, 1962, p. 81) In April 1940, Shachtman and Burnham left the S.W.P. to form their own organisation, the Workers' Party (from which Burnham himself resigned a month later) which, at its first national convention in the following year, adopted a resolution setting out its appraisal of the nature of the Soviet social formation, and containing the assertion that: 'From the standpoint of socialism, the bureaucratic collectivist state is a reactionary social order; in relation to the capitalist world, it is on a historically more progressive plane'. (Cited in TBC, p. 80) From this perspective was developed the party's policy of 'conditional defensism' in relation to the Soviet Union, which was set out in the same resolution:

The revolutionary proletariat can consider a revolutionary (that is, a critical, entirely independent, class) defensist position with regard to the Soviet regime only under conditions where the decisive issue is the attempt by a hostile force to restore capitalism in Russia, where this issue is not subordinated to other, more dominant, issues. (Cited in TBC, p. 81)

When Hitler's armies invaded the U.S.S.R., however, Shachtman and his group refused to support the latter on the grounds that even though the Soviet social formation was historically more progressive than capitalist Germany, the war in which it was involved was only a subordinate part of the world war as a whole, the overall character of which was that of a struggle between two imperialist camps.

In fact, Shachtman soon arrived at a rejection of his and the Workers' Party's original evaluation of the U.S.S.R. as being

progressive in relation to capitalism, arguing rather that it represented

. . . the cruel realisation of the prediction made by all the great scientists, from Marx and Engels onward, that capitalism must collapse out of an inability to solve its own contradictions and that the alternatives facing mankind are not so much capitalism or socialism as they are: *socialism or barbarism*. (Shachtman, 1962, p. 32)¹⁰

Stalinism, he declared, was this new barbarism.

Trotsky had argued that the Soviet proletariat had been 'politically expropriated' by the bureaucracy, while nevertheless remaining the dominant class. This was an error, Shachtman maintained, in that political and economic power in a workers' state were necessarily synonymous:

. . . by its very position in the new society, the proletariat still has no property, that is, it does not own property in the sense that the feudal lord or the capitalist did. It was and remains a propertyless class! It seizes state power. The new state is simply the proletariat organized as the ruling class. The state expropriates the private owners of land and capital, and ownership of land, and the means of production, become vested in the *state*. By its action, the proletariat has established new property forms – nationalized or state-ified or collectivized property. It has also established new property relations. So far as the proletariat is concerned, it has a fundamentally new relationship to property. The essence of the change lies in the fact that the working class is in command of that state-owned property *because* the state is the proletariat organized as the ruling class. . . .

The economic supremacy of the bourgeoisie under capitalism is based upon its ownership of the decisive instruments of production and exchange. Hence, its social power; hence, the bourgeois state. The social rule of the proletariat cannot express itself in private ownership of capital, but only in its "ownership" of the state in whose hands is concentrated all the decisive economic power. *Hence, its social power lies in its political power*. In bourgeois society, the two can be and are divorced; in the proletarian state, they are inseparable. (Shachtman, 1962, pp. 43–4)

It therefore followed, Shachtman argues, that with the liquidation of the soviets (as effected by the 1936 Constitution), the complete subordination of the trade unions to the state, and the total bureaucratic subjugation of the party, the Soviet proletariat was no longer 'organised as the ruling class', and the state no longer a workers' state. Hence, he concludes, 'the conquest of power by the bureaucracy spelled the destruction of the property relations established by the Bolshevik revolution'. (Shachtman, 1962, p. 46) Like Cliff (see below), Shachtman maintains that Trotsky's abandonment of the perspective of reform for one of political revolution against the bureaucracy should have marked his rejection of the view that the Soviet Union was any longer a workers' state, since it could no longer be argued that the Soviet working class, in the words of his 1931 article *Problems of the Development of the U.S.S.R.*, had 'not forfeited the possibility of subordinating the bureaucracy to it, of reviving the party again, and of regenerating the regime of the dictatorship – without a new revolution, with the methods and on the road to reform'.

The transition from a workers' state to bureaucratic collectivism was not, Shachtman emphasises, a gradual or non-violent process, so that to argue for its having occurred did not amount, in Trotsky's words, to 'running backwards the film of reformism' (see Trotsky, 'Nature', p. 6):

The comparative *one-sidedness* of the civil war attending the Stalinist counter-revolution was determined by the oft-noted passivity of the masses, their weariness, their failure to receive international support. In spite of this, Stalin's road to power lay through rivers of blood and over a mountain of skulls. Neither the Stalinist counter-revolution nor the Bolshevik revolution was effected by Fabian gradualist reforms. (Shachtman, 1962, p. 46)

The purges unleashed in the 1930's, Shachtman considers, constituted the counter-revolution which served to consolidate the bureaucracy as a ruling class.¹¹

Shachtman's analysis is, it can be seen, essentially normative and ahistorical, being based on an abstract and idealised conception of the dictatorship of the proletariat, completely divorced from any concrete historical conjuncture. In his article *The Worker's State and the Question of Thermidor and Bonapartism* Trotsky observed that the entire history of the bourgeoisie had demonstrated that the

dictatorship, or social domination, of a class could be expressed in a variety of political forms and that, by analogy,

The experience of the Soviet Union is already adequate for the extension of this very same sociological law – *with all the necessary changes* – to the dictatorship of the proletariat as well. In the interim between the conquest of power and the dissolution of the workers' state within the socialist society, the forms and methods of proletarian rule may change sharply, depending upon the course of the class struggle, internally and externally. (Trotsky, 'Thermidor', pp. 35–6)

Lenin, too, had previously expressed a similar view:

Bourgeois states are most varied in form, but their essence is the same: all these states, whatever their form, in the final analysis are inevitably the *dictatorship of the bourgeoisie*. The transition from capitalism to communism is certainly bound to yield a tremendous abundance and variety of political forms, but the essence will inevitably be the same: *the dictatorship of the proletariat*. (SR, p. 288)

It is clear that there must exist, of necessity, a much closer relationship between the political and the economic levels in a workers' state than has, historically, prevailed under the capitalist mode of production. Marx, indeed, regarded the dictatorship of the proletariat as being both a description of the class character of the state power and of the form of government through which that power was expressed (see Chapter 1). The potential differentiation of the workers' state is limited in comparison with that of the bourgeois state. As Trotsky observed:

Once liberated from the fetters of feudalism, bourgeois relations develop automatically. . . .

It is altogether otherwise with the development of socialist relations. The proletarian revolution not only frees the productive forces from the fetters of private ownership but it transfers them to the direct disposal of the state it itself creates. While the bourgeois state, after the revolution, confines itself to a police role, leaving the market to its own laws, the workers' state assumes the direct role of economist and organizer. The replacement of one

political regime by another exerts only an indirect and superficial influence upon market economy. On the contrary, the replacement of a workers' government by a bourgeois or petty-bourgeois government would inevitably lead to the liquidation of the planned beginnings and, subsequently, to the restoration of private property. *In contradistinction to capitalism, socialism is built not automatically but consciously.* Progress towards socialism is inseparable from that state power which is desirous of socialism, or which is constrained to desire it. (Trotsky, 'Thermidor', pp. 42-3)

Nevertheless, precisely because the transition period is inevitably characterised by what Bettelheim, following Balibar, has designated a 'non-correspondence' of relations within and between the different levels of the transitional social formation, each of which has, in any case, a relative autonomy and consequent rhythm of historical development specified by the complex or 'overdetermined' character of the structure as a whole – what Althusser has referred to as 'differential historical time' – it is clear that a reductionist typology of the sort which underlies Shachtman's analysis is inadequate.

Ultimately, Shachtman's argument would appear to rest on the premise that if the proletariat does not directly control the state apparatus, the U.S.S.R. cannot be a workers' state. It should be evident, however, that

... precisely because of its origin in the process of proletarian revolution itself the distinction between the proletariat and the bureaucracy is more ill-defined and variable than is the sharp distinction between capitalist property owners and the proletariat. This means that the 'space' between capitalism and pure socialism can be filled by an almost infinite variety of transitional forms, in assessing which more than one dimension has to be taken into account – inequalities in income, distribution of power, even ideological criteria which may help to determine the direction of change, etc. (Biro, 1969, II, 17)

By treating the elements and relations of the Soviet social formation in abstraction from their origins, Shachtman's functional approach remains superficial. He is therefore arguing from within an altogether different problematic when he defines Trotsky's position as being that: 'To characterise the Soviet Union as a

workers' state, the existence of nationalised property is necessary and sufficient'. (Shachtman, 1962, p. 39)¹² The essence of the matter, for Trotsky, was rather that the nationalisation of the means of production in Russia had been effected through the agency of the proletarian revolution, as distinct, for example, from the nationalisations carried out by the first postwar Labour government. What was at issue was not, therefore, state property 'in the abstract', but state property as the objectification of that political practice which had expropriated the Russian bourgeoisie. In other words, the state which undertook the nationalisation of the means of production was itself the expression of a new relationship of class forces.

Trotsky, as has been noted, chose to characterise the Stalinist bureaucracy as a caste, emphasising that its power and privileges were indissolubly bound up with the nationalised means of production, which it was obliged to defend (albeit in its own way), against world imperialism and a possible capitalist restoration. Itself a 'bastard' of history, the bureaucracy had thus constantly to legitimate its rule with reference to the ideals of the revolution whose conquests it had usurped. A non-Marxist commentator has expressed this as follows:

The bureaucracy is subject to rules or laws and the broader values and beliefs which give the system its legitimacy constitute a framework within which the élite must operate. Here the idea of the economic plan, and the notion of building communism are integrative mechanisms which bind the élites as much as the non-élites. The initial growth of Soviet society and its dynamism are the results of particular values which set limits on the monopolization of power by the political élites. (Lane, 1971, p. 50)

While values and beliefs are important, it must however be said that Lane's Parsonian methodology tends to abstract these values and beliefs from the structure within which they are activated and to endow them with what is *de facto* a casual efficacy. With respect to Shachtman's account, however, it is at least pertinent to ask why, if Marx and Engels were in any sense correct in their assertion that 'the ruling ideas of each age have ever been the ideas of the ruling class', the Soviet bureaucracy has never developed an independent 'class' ideology.

Until his death, Trotsky continued to underestimate the essential stability and resilience of the bureaucratically degenerated workers'

state, predicting the imminence of either the restoration of capitalism or the overthrow of the bureaucracy by a working class uprising.¹³ The victory of the Soviet Union in the Second World War, although achieved at the cost of twenty million Russian lives, was to demonstrate the enormous potential (of which Trotsky was certainly in no doubt) of a nationalised and planned economy, and of the Soviet people's commitment to its defence, notwithstanding the totalitarian and repressive character of the governmental regime. If, as Shachtman maintains, the bureaucracy does represent a class, and one whose domination is based solely on coercion, this would be tantamount to a permanent state of civil war. A social formation so constituted would certainly be critically unstable and could not long survive.

A central feature of Shachtman's analysis is the distinction he makes between property forms and property relations. His exposition of this distinction is far from clear, however. In the *Introduction* to the *Grundrisse*, Marx pointed out that

All production is appropriation of nature on the part of an individual within and through a specific form of society. In this sense it is a tautology to say that property (appropriation) is a precondition of production . . . that there can be no production and hence no society where some form of property does not exist is a tautology. An appropriation which does not make something into property is a *contradictio in subjecto*. (PGR, pp. 87–8)

Conversely, it is clear that

Property, in so far as it is only the conscious relation – and posited in regard to the individual by the community, and proclaimed and guaranteed as law – to the conditions of production as *his own*,¹⁴ so that the producer's being appears also in the objective conditions *belonging to him* – is only realized by production itself. The real appropriation takes place not in the mental but in the real, active relation to these conditions – in their real positing as the conditions of his subjective activity. (PGR, p. 493)

Marx's reference, in the *Preface to A Contribution to the Critique of Political Economy*, to 'property relations' as 'a legal expression' for the relations of production (MESW/1, pp. 180–4)¹⁵ would seem to

accord with this analysis, as also would his earlier exposition of the concept of property in *The Poverty of Philosophy* and his letter to P. V. Annenkov of 28 December 1846. (See PP, p. 134, and MESCS, pp. 29–39) Clearly, however, this relationship must be considered a reciprocal one in that, although property ‘is only realized by production itself’, juridical ‘superstructural’ forms provide the framework which facilitates the constitution and functioning of a mode of production as the dominant mode in a social formation.¹⁶ The concept of property relations should therefore be understood as referring to the crucial politico-legal element of the conditions of existence of a mode of production and the social relations of production peculiar to it, the specific forms in which these conditions are secured varying in different social formations. In capitalist commodity production, the basis of the social relations of production is the exchange relation. Here, with the private ownership of the means of production and differential access to exchange-value, the exchange relation becomes the locus for the appropriation of surplus-labour in the form of surplus-value.¹⁷

With the nationalisation of the means of production in a workers’ state, the only means by which the proportionate distribution of labour-time between different functions (which under the capitalist mode of production is achieved through the market) can be effected and the intrinsic character of labour as part of the total labour of society thereby asserted, is through planning. The social relations of production in the socialist mode of production are in fact planned relations, the economic level of the social formation transitional between capitalism and socialism being characterised by an antagonistic combination of exchange (market) relations and planning (see Chapter 5). The dominant relations of production in a workers’ state, that is, planned relations, flow precisely from the ‘form’ of property (the state ownership of the means of production), for which reason the distinction, implicit in Shachtman’s account, between ownership as a juridical category and ownership as a ‘real’ socio-economic category, is here a specious one.¹⁸ The source of Shachtman’s mistake, which is masked by his obfuscatory distinction between property forms and property relations, is that ‘an economic relation is conflated with what are thought to be its political conditions of existence’.¹⁹

It must also be said of Shachtman’s account that it begs the question of the class role of the bureaucracy in the bureaucratic collectivist mode of production, that is, of its determinate effectivity

within the structure of the social relations of production. As Trotsky, discussing the ideas of Lucien Laurat, a theoretical precursor of Shachtman (see above), pointed out:

The *class* has an exceptionally important and moreover a scientifically restricted meaning to a Marxist. A class is defined not by its participation in the distribution of the national income alone, but by its independent role in the general structure of economy and by its independent roots in the economic foundations of society. Each class (the feudal nobility, the peasantry, the petty bourgeoisie, the capitalist bourgeoisie, and the proletariat) works out its own special forms of property. The bureaucracy lacks all these social traits. It has no independent position in the process of production and distribution. It has no independent property roots. Its functions relate basically to the political *technique* of class rule. The existence of a bureaucracy, in all its variety of forms and differences in specific weight, characterizes every *class* regime. Its power is only of a reflected character. The bureaucracy is indissolubly bound up with a ruling economic class, feeding itself upon the social roots of the latter, maintaining itself and falling together with it. (Trotsky, 'Nature', p. 16)

More than this, as Trotsky elsewhere argued:

The historical justification for every ruling class consisted in this—that the system of exploitation it headed raised the development of the productive forces to a new level. Beyond the shadow of a doubt, the Soviet regime gave a mighty impulse to economy. But the source of this impulse was the nationalization of the means of production and the planned beginnings and by no means the fact that the bureaucracy usurped command over the economy. On the contrary, bureaucratism, as a system, became the worst brake on the technical and cultural development of the country. This was veiled for a certain time by the fact that the Soviet economy was occupied for two decades with transplanting and assimilating the technology and organisation of production in advanced capitalist countries. The period of borrowing and assimilation still could, for better or worse, be accommodated to bureaucratic automatism, i.e., the suffocation of all initiative and all creative urge. But the higher the economy rose, the more

complex its requirements became, all the more unbearable became the obstacle of the bureaucratic regime. The constantly sharpening contradiction between them leads to uninterrupted political convulsions, to systematic annihilation of the most outstanding creative elements in all spheres of activity. Thus, before the bureaucracy could succeed in exuding from itself a 'ruling class', it came into irreconcilable contradiction with the demands of development. The explanation for this is to be found precisely in the fact that the bureaucracy is not the bearer of a new system of economy peculiar to itself and impossible without itself, but a parasitic growth on a workers' state. (IDM, pp. 7-8)

Today, the lack of congruence between the material self-interest of the bureaucracy and the logic of the planned development of the nationalised means of production is altogether more apparent than was the case when Trotsky wrote in 1936. This has been demonstrated by the effects of various economic 'reforms', most notably those inaugurated in 1965. The object of these reforms has essentially been to 'rationalise' production and to expand productivity without thereby jeopardising the bureaucracy's administrative monopoly, that is, without conceding real power or initiative in the organisation and control of the productive process to the working class. Their outcome has almost invariably been the exacerbation and augmentation of the existing systemic contradictions and irrationalities, and very often the creation of new ones (see chapter 5).

In Lenin's definition, classes are

. . . large groups of people differing from each other by the place they occupy in a historically determined system of social production, by their relation (in most cases fixed and formulated in law) to the means of production, by their role in the social organisation of labour, and, consequently, by the dimensions of the share of social wealth of which they dispose and the mode of acquiring it. Classes are groups of people one of which can appropriate the labour of another owing to the position they occupy in a definite system of social economy. (V. I. Lenin, *A Great Beginning*, LSW/1, pp. 478-96)

Bukharin, similarly, defined a social class as 'the aggregate of *persons playing the same part in production, standing in the same relation toward other*

persons in the production process, these relations being also expressed in things (instruments of labour)'. (Bukharin, 'Materialism', p. 276)

These definitions cannot, Shachtman argues, be exhaustive, since there have existed, historically, classes which would seem to fall outside them. One such class was that of the merchants, of which Engels wrote:

Civilisation . . . added a third division of labour, peculiar to itself and of decisive importance: it created a class that took no part in production, but engaged exclusively in exchanging products—the merchants. All previous inchoative formations of classes were exclusively connected with production; they divided those engaged in production into managers and performers, or into producers on a large scale and producers on a small scale. Here a class appears for the first time which, without taking any part in production, captures the management of production as a whole and economically subjugates the producers to its rule; a class that makes itself the indispensable intermediary between any two producers and exploits them both. On the pretext of saving the producers the trouble and risk of exchange, of finding distant markets for their products, and of thus becoming the most useful class in society, a class of parasites arises, genuine social sycophants, who, as a reward for very insignificant real services, skim the cream off production at home and abroad, rapidly amass enormous wealth and corresponding social influence; and for this very reason are destined to reap new honours and gain increasing control over production during the period of civilisation, until they at last create a product of their own—periodic commercial crises. (OF, pp. 572–3)

It is at least questionable whether Engels was right in regarding the merchants as a distinct class. They might, it can be argued, be better characterised as constituting a fraction of the petty bourgeoisie.²⁰ It is clear, however, that the development and expansion of mercantilism was an indispensable factor in the prehistory of the capitalist mode of production. It was for this reason that Marx, in discussing the forms of the existence of capital, described mercantile capital as the 'form which provides the soil from which modern capitalism has grown'. (CAP, I, 1023) Elsewhere he asserted, more explicitly, that

The circulation of commodities is the starting-point of capital. The production of commodities and their circulation in its developed form, namely trade, form the historic presuppositions under which capital arises. World trade and the world market date from the sixteenth century, and from then on the modern history of capital starts to unfold. (CAP, I, 247)

It was thus that the merchants, although playing no direct part in the process of production, nevertheless contributed decisively to the international expansion of capital and the development of the productive forces.

If Engels' characterisation is allowed, and had the Soviet bureaucracy played a role in any way analogous to that played by the merchants, there might exist some basis for defining it as a class. Clearly, however, it has not played such a role. In any case, Shachtman's analysis asserts rather more than this, namely, that the bureaucracy is fully a ruling class. This means that it fulfils a determinant function in the mode of production of which it is a part, this function being defined by a specific production relation. Shachtman seems to recognise the problem when he argues that for 'the given system—the property relations established by the counter-revolution—the Stalinist bureaucracy is the indispensable ruling class', while at the same time acknowledging that 'its concrete characteristics do not permit us to qualify it as a viable or indispensable ruling class in the same sense as the historical capitalist class'. The new bureaucratic class is, he maintains, 'the product of a conjuncture of circumstances'. (Shachtman, 1962, p. 48) In support of this conception of a 'conjunctural' class, he cites the work of Bukharin, who wrote of a tendency during the transition period towards 'the excretion of a leading stratum in the form of a class-germ'. (Bukharin, 'Materialism', p. 310) As has already been emphasised, however, Bukharin certainly did not have in mind the emergence of a new party-state bureaucratic class (see Chapter 3). What Shachtman nevertheless has in common with Bukharin is the problematic which underlies his assertion that unless the state is directly controlled by the workers it cannot be a workers' state, since, as Dallemagne points out, Bukharin

. . . thought that the proletarian character of the state and its apparatus was established by the victory of the uprising, and that the only problem is to transform the dictatorship of the pro-

letariat into the directing force of the economy. Henceforth, it becomes an abstract tool of refutation, in that he measures its character against some programmatic norm; the dictatorship of the proletariat exists or it does not—it cannot degenerate. (Dallemagne, 1975, p. 49)

In capitalist society the state apparatus has, of necessity, a significant degree of autonomy: only by becoming relatively autonomous in relation to the various fractions of the ruling bloc can the state function to support the hegemony of the bourgeoisie as a class.²¹ There is no reason to doubt that the state apparatus of a workers' state could and indeed would have to play a similar role during the transition period. It has already been remarked how the institutional features of the Commune, as described by Marx, were not such as to determine a privileged position for the working class, but served rather to provide a governmental form through which the political power of the mass of the people could be expressed (see Chapter 1). It can still be expected that, following the advent of proletarian revolution in one or more of the advanced capitalist countries in which the working class constitutes a considerable section of the population, the state apparatus of the proletarian dictatorship would fulfil the function of organising proletarian hegemony, both with regard to the other, formerly subordinate classes, and also in relation to the various fractions of the working class itself, which is far from being homogeneous. In post-revolutionary Russia, where the proletariat constituted only a small section of the population as a whole, the problem of the organisation of proletarian hegemony assumed altogether different dimensions.

It is nevertheless the case that, whatever degree of autonomy it may possess, the state remains the guarantor of the dominant relations of production, so that state power can thus mean only the power of a determinate class to whose interests the state, in however 'mediated' a form, corresponds. As Poulantzas asserts:

Since the functioning of the bureaucracy is specified by its particular relation to the state, and by the fact that it belongs to the state apparatus, it can be strictly determined at the political level only by the class functioning of this state. In other words, what has sometimes been considered as a privileged characteristic of the bureaucracy (namely, its relation to the state) not only does not constitute it as a social class or fraction of a class but,

whilst specifying it as a category, precisely excludes it from being an autonomous fraction of a class at the political level, by circumscribing its functioning within the class power of the state.

In other respects, the discussion which has sometimes led to falsifying this characteristic of the bureaucracy has borne upon the state's role in the process of production, i.e. on its various economic functions. These economic functions have sometimes appeared capable of attributing to the bureaucracy (in certain cases) a specific place in the relations of production in the strict sense. But the state's functions are precisely circumscribed by its political class power. A good example of this is the case of the *state bourgeoisie* in certain developing countries: the bureaucracy may, through the state, establish a specific place for itself in the existing relations of production, or even in the not-yet-existing relations of production. But in this case it does not constitute a class by virtue of being the bureaucracy, but by virtue of being an effective class. (Poulantzas, 1973, pp. 333-4)

While Poulantzas is here concerned with the capitalist state, there would seem to be no basis for denying the applicability of these strictures to the proletarian state apparatus in the transitional social formation. Clearly, however, the autonomy enjoyed by the state apparatus in a bureaucratically degenerated workers' state—in which, by definition, the proletariat is institutionally excluded from the administration of its own state—is vastly enhanced. It remains, however, a relative rather than an absolute autonomy, since the state has no intrinsic power, but represents rather the resultant of power relations between classes within a social formation.

Shachtman's account contains a fundamental lacuna in that it leaves open the question of the historical role of the new ruling class in bureaucratic collectivism. His description of what is, in terms of his own analysis, a mode of production unforeseen by 'classical' Marxist theory is hardly adequate. He sees a 'social interregnum' established in which 'the bourgeoisie is no longer capable of maintaining (or, as in the case of Russia), of restoring its social order, and the proletariat is not yet able to inaugurate its own'. (Shachtman 1962, p. 29). Marx wrote in the *Preface* to his *A Contribution to the Critique of Political Economy*, however, that:

The bourgeois relations of production are the last antagonistic form of the social process of production—antagonistic not in the

sense of individual antagonism, but of one arising from the social conditions of life of the individuals; at the same time the productive forces developing in the womb of bourgeois society create the material conditions for the solution of that antagonism. This social formation brings, therefore, the prehistory of human society to a close. (MESW/1, pp. 180-4)

Shachtman makes no attempt at the theoretical level to situate bureaucratic collectivism in relation to this schema, nor does he draw out the consequences for political practice which must surely result from such a revision. If bureaucratic collectivism is a superior mode of production to capitalism, as Shachtman and his group initially asserted, it follows that critical support must be given to the bureaucracy. If, on the other hand, it represents a regression from capitalism (the 'new barbarism', in Shachtman's later characterisation), then critical support must be given to capitalism against the Soviet Union and other bureaucratic collectivist social formations. Shachtman himself vacillated between these two positions, eventually coming down in favour of U.S. imperialism, whose involvement in the attempted invasion of Cuba in 1961 and subsequent bloody aggression against the people of Vietnam he fully endorsed.

Antonio Carlo has recently attempted a restatement and partial reformulation of Rizzi's analysis of the Soviet social formation. Unlike his predecessor, however, he does not conceptualise Soviet 'bureaucratic collectivism' as forming part of a world system. Indeed, he demonstrates convincingly the conceptual errors and inconsistencies inherent in Rizzi's characterisation of Fascism, Nazism, and Roosevelt's New Deal as exemplifying the expansion of the bureaucratic collectivist mode of production on a world scale. Carlo sees this mode of production rather as arising naturally (though not inevitably) in conditions of socio-economic underdevelopment. While it can be transplanted – as, in the case of Eastern Europe, through a military occupation – it is nevertheless the case that 'when such an "external" imposition does not correspond to the existing situation and level of development of the internal productive forces, it rapidly enters into crisis, is artificial and shortlived . . .'. (Carlo, 1974, p. 70)

With respect to the Soviet social formation, Carlo differentiates between a phase of bureaucratisation, lasting from 1920-8, and its culmination in the emergence of the bureaucratic collectivist phase 'during which the bureaucracy appropriated the productive ap-

paratus and became a class'. The latter, he considers, came to an end in 1965, when the introduction of the Liberman reforms marked the inauguration of the phase of the restoration of capitalism, which he sees as being now in progress. The similarity of Carlo's appraisal of the contemporary dynamics of the Soviet social formation with those of Bettelheim, Sweezy and Nicolaus is not accidental: one of his central conclusions for political practice is that 'The Chinese model . . . has proved that the bureaucratic road is not always inevitable, even in a poor country'. (Carlo, 1974, p. 58)

Carlo's methodology, however, displays all too evidently the empiricism which characterises the analyses of Shachtman and Cliff. He writes that:

Having established that it is the bureaucratic apparatus which dominates production by running it in its own interests and by appropriating the social surplus, we will have to speak of the bureaucracy as a class. It cannot be maintained that the bureaucrats have managerial powers, but they cannot dispose of the productive apparatus. In the West such a power is comparable to that of managers who do not own the companies that they run, rather, for and in the interests of stock-holders. In the latter case, however, the owner can always recall or substitute the managers (and this actually happens). In Russia, the only way the proletariat has of recalling the bureaucracy is through a revolution. Short of this, the Russian workers cannot in any way prevent the bureaucrats from making basic choices in their own interests (except for marginal concessions that, in specific situations, every dominant class grants to its exploited people). In this light, it remains a mystery how the Russian bureaucracy can be said to hold only management power, but not power to dispose of property in its own interest. (Carlo, 1974, p. 8)

The point is, of course, that a mere comparison of the respective powers and functions of the managerial bureaucracy, East and West, in abstraction from the social relations of production, can provide no guide whatever to their effects and socio-economic status. A viable analysis can only proceed from an examination of precisely these relations.

To the extent that Thompson and Lewis, in a recent work, base their analysis of the Soviet social formation on that of Carlo, it is open to the same objection. Indeed, their only apparent innovation

is the substitution of the designation 'state collectivism' for 'bureaucratic collectivism' to characterise the mode of production in the U.S.S.R. and analogous social formations

. . . because it seems to us that the character of such societies resides in the collective 'ownership' and control of economic resources through a fused party/state apparatus. The term 'bureaucratic collectivism' does not lay enough emphasis on a new ruling class formed by its monopoly control of state/party power. (Thompson and Lewis, 1977, p. 42)

It is in fact with respect to the nature of the anti-bureaucratic revolution in the Soviet Union that the insubstantiality of all the theories of Soviet 'bureaucratic collectivism' is most signally expressed. In this context, Trotsky's reply in 1939 to those critics who argued for the rejection of his characterisation of the U.S.S.R. as a degenerated workers' state retains its relevance:

Let us begin by posing the question of the nature of the Soviet state not on the abstract-sociological plane but on the plane of concrete-political tasks. Let us concede for the moment that the bureaucracy is a new 'class' and that the present regime in the U.S.S.R. is a special system of class exploitation. What new political conclusions follow for us from these definitions? The Fourth International long ago recognised the necessity of overthrowing the bureaucracy by means of an uprising of the toilers. Nothing else is proposed or can be proposed by those who proclaim the bureaucracy to be an exploiting 'class'. The goal to be attained by the overthrow of the bureaucracy is the re-establishment of the rule of the soviets, expelling from them the present bureaucracy. Nothing different can be proposed or is proposed by the leftist critics. It is the task of the regenerated soviets to collaborate with the world revolution and the building of a socialist society. The overthrow of the bureaucracy presupposes the preservation of state property and of planned economy. . . .

Needless to say, the distribution of productive forces among the various branches of economy and generally the entire content of the plan will be drastically altered when the plan is determined by the interests not of the bureaucracy but of the producers themselves. But inasmuch as the question of overthrowing the

parasitic oligarchy still remains linked with that of preserving the nationalised (state) property, we call the future revolution *political*. Certain of our critics . . . want come what may, to call the future revolution *social*. Let us grant this definition. What does it alter in essence? To those tasks of the revolution which we have enumerated it adds nothing whatsoever. (IDM, pp. 4-5)

TONY CLIFF AND THE THEORY OF STATE CAPITALISM

In *The Revolution Betrayed*, Trotsky had addressed himself to the thesis, put forward by the German Oppositionist Hugo Urbahns and others, that the U.S.S.R. had become a state capitalist social formation. While he had acknowledged that, theoretically, it was 'possible to conceive of a situation in which the bourgeoisie as a whole constitutes itself a joint stock company which, by means of its state, administers the whole economy' (RB, p. 245), he had concluded, nevertheless, that

Such a regime never existed . . . and, because of profound contradictions among the proprietors themselves, never will exist – the more so since, in its quality of universal repository of capitalist property, the state would be too tempting an object for social revolution. (RB, p. 246)

Given that it is improbable that capitalism will progressively evolve towards the complete nationalisation of the means of production, it is essentially argued by those commentators who see the Soviet social formation as state capitalist that this in no way excludes the possibility that, after a ruling proletariat has been overthrown, a workers' state may be supplanted by a regime analogous to that which Trotsky dismissed as unfeasible.

The most extended attempt to account theoretically for the U.S.S.R. in this way is that by Tony Cliff (Ygael Gluckstein)²² the principal founder of the International Socialists.²³ His conception is set out in *State Capitalism in Russia*, the nucleus of which first appeared in 1948 as an internal discussion document in the Revolutionary Communist Party, the then British section of the F.I., under the title *The Nature of Stalinist Russia*.

The *Socialist Review* group (this being the title of the journal which Cliff's tendency published during the fifties) was expelled from 'The

Club' (by which name the British Section of the F.I. – which had suffered a split in 1948, followed by a reunification two years later – had then come to be known) in 1950, thereafter taking up a political line opposed to that of the F.I. on the Korean War. The theory of state capitalism was used to justify the contention that the conflict in Korea was an inter-imperialist struggle, in that both North Korea and China were regarded as being, like the Soviet Union, state capitalist social formations. On this basis, the *Socialist Review* group rejected the F.I.'s support for North Korea and China against U.S. imperialism.²⁴

Throughout the fifties, the *Socialist Review* group collaborated with Shachtman and his followers in the United States. The closeness of this association is clearly reflected in the correspondence between the mode of discourse (including the use of identical quotations) in Cliff's major work on state capitalism and Shachtman's *The Bureaucratic Revolution* (although the latter is made up of articles written during the early forties, and thus predates the original version of Cliff's text by several years). The Shachtman group seems also to have elaborated the theory of the permanent arms economy, which was subsequently adopted by Cliff's tendency.²⁵ In 1958 Shachtman led his organisation, by then renamed as the Independent Socialist League, into the small U.S. Socialist Party, from which a faction has since re-emerged to form the U.S. International Socialists (which, unlike its British namesake, adheres to a bureaucratic collectivist characterisation of the Soviet social formation).

In *State Capitalism in Russia* Cliff, like Shachtman, argues that Trotsky's repudiation of the perspective of reform, that is, of the prospect of the restoration of working class control of the party and the state apparatus without a supplementary (political) revolution, should have led to his abandonment of the characterisation of the Soviet social formation as a degenerated workers' state (see above, and also Chapter 3). Cliff maintains that Trotsky's position at this time, and that set out in such later works as *The Class Nature of the Soviet State* and *The Revolution Betrayed* are premised on what are, effectively, two different and mutually incompatible definitions of what constitutes a workers' state. From this he is led to conclude as follows:

- a) Trotsky's second definition of the workers' state negates the first.

b) If the second definition is correct, the Communist Manifesto was incorrect in saying: 'The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the state . . .', and it was incorrect in saying: 'the first step in the revolution by the working class is to raise the proletariat to the position of the ruling class'. Furthermore, in this case, neither the Paris Commune nor the Bolshevik dictatorship were workers' states as the former did not satisfy the means of production at all, and the latter did not do so for some time.

c) If the state is the repository of the means of production and the workers do not control it, they do not own the means of production, i.e., they are not the ruling class. The first definition admits this. The second avoids it, but does not disprove it. (SCR, pp. 267-8)

It can be seen that Cliff, like Shachtman, attributes to Trotsky's 'definition' of the workers' state an ahistoricity and empiricism which is entirely alien to it (but which is far from being foreign to Cliff's own analysis). At no time did Trotsky conceptualise the problem in terms of the equation: 'nationalisation of the means of production = a workers' state'.

It must also be emphasised that Marx did not regard the Commune as the realisation of proletarian dictatorship, although, as already noted, its possible enactments and potential future development did, for him, represent a model of that dictatorship (see Chapter 1). Both the Bolshevik regime in the early months of its existence and (if only potentially) the Commune were essentially intermediary stages towards the establishment of proletarian power at the economic as well as the political level of the social formation by the investing of the ownership of the means of production in the state ('the proletariat organised as the ruling class'). This development was both a logical and a practical necessity, flowing precisely from the dynamic of the class struggle, and of the proletarian revolution as its climax (though not, of course, its conclusion, which can only coincide with the disappearance of classes and of the state); hence, Marx asserted that:

The political rule of the producer cannot coexist with the perpetuation of his social slavery. The Commune was therefore to

serve as a lever for uprooting the economical foundations upon which rests the existence of classes, and therefore of class-rule. (CW, p. 290)

Although Carr has pointed out that extensive nationalisation was not a part of the initial Bolshevik programme, and that the first moves in this direction took place in a haphazard and uncoordinated manner, often as a punitive measure against non-cooperation and sabotage by the bourgeoisie (BR, II, 81), it would be quite wrong to imply that it did not represent a fundamental aim of Lenin and the Bolsheviks.²⁶ The character of a political movement cannot, however, be deduced from the subjective intentions of its actors, but can only be determined in the context of a broad socio-historical perspective. As Lewin has noted, Lenin himself produced several different 'chronologies' of the revolution, attempting to define its character at successive stages. (Lewin, 1975, p. 25)²⁷ Lenin's uncertainties were understandable, since only the long-term results of the October Revolution would make such an exercise possible.

Cliff, like Shachtman, argues that the non-existence of direct working class control of the state, as the repository of the means of production, must necessarily mean that the proletariat is no longer the economically dominant class. This entails, similarly, a rejection of Trotsky's concept of political revolution:

There is a much closer connection between content and form in a workers' state than in any other state. Even, therefore, if we assume that political revolutions can take place in a workers' state, one thing is clear: the same workers' state machine must continue to exist as such after, as before, the political proletarian revolution. If Russia is a workers' state, even though the revolutionary workers' party may carry out a large scale 'purge' of the state apparatus when it comes to power, it must be able to use and will use the existing state machine: on the other hand, if the bourgeoisie comes to power, it will not be able to use the existing state machine but it will be compelled to smash it and build another on its ruins.

Are those conditions obtaining in Russia? To pose the question goes half-way to answering it. It is surely evident that the revolutionary party will not use the M.V.D. nor the bureaucracy nor the standing army. The revolutionary party will have to

smash the existing state and replace it by Soviets, people's militia, etc.

As against this, if the bourgeoisie comes to power, it can certainly use the M.V.D., the regular army, etc. . . .

Whether we assume that the proletariat must smash the existing state machine on coming to power while the bourgeoisie can use it, or whether we assume that neither the proletariat nor the bourgeoisie can use the existing state apparatus (the 'purgation of the State apparatus' necessarily involving such a deep change as would transform it qualitatively) – on both assumptions we must come to the conclusion that Russia is *not* a workers' state. To assume that the proletariat and the bourgeoisie can use the same state machine as the instrument of their supremacy is tantamount to a repudiation of the revolutionary concept of the state expressed by Marx, Engels, Lenin and Trotsky. (SCR, pp. 269–70)

Such an abstract schema would seem to imbue the destruction of the state apparatus with an almost mystical quality which was no part of Marx's conception and which it certainly did not possess in the Bolshevik experience. The necessity for the smashing of the bourgeois state, in Marx's account, derived precisely from the fact that it had definite effects with respect to the representation of class interests (hence Marx wrote of the Bonapartist state, for example, that it 'assumed more and more the character of the national power of capital over labour, of a public force organised for social enslavement, of an engine of class despotism').

The institutional exclusion of the mass of the Soviet working class from the administration of its own state, as the determinant feature of the bureaucratically degenerated workers' state, cannot be equated with the regimen of the bourgeois state, even in its Bonapartist variant as described by Marx in *The Eighteenth Brumaire of Louis Bonaparte* and *The Civil War in France* (itself the model for what Trotsky characterised as Soviet Bonapartism). The separation of the masses from power in a bourgeois regime is entailed by the class interests which are served thereby, that is, by the class character of state power. The monopolisation of administrative functions by a bureaucratic stratum in a social formation characterised by the state ownership of the means of production, whatever the social origins of that stratum, and irrespective of the extent to which it exploits this administrative monopoly in its own material

interests, can in no way specify it as the class subject of state power (this power, as already noted, is in no sense intrinsic, but rather represents the objectification of a class relation). It is therefore wrong for Cliff to argue that: 'Where the state is the repository of the means of production, there is an absolute fusion between economics and politics; political expropriation also means economic expropriation'. (SCR, p. 180) Like Shachtman, Cliff identifies the proletarian character of the state with specific forms of working-class domination of the means of production, and of the state, as their repository, the class character of the Soviet state being defined negatively by the absence of these forms of domination. The class interests to which the state corresponds can be ascertained, however, only by an analysis of the relations of production of which the state apparatus and the elements of the 'superstructure' are the political conditions of existence.

Even were Cliff's methodology to be accepted on its own terms, however, it would be difficult to understand how, had Soviet reality under the early Bolshevik regime even begun to approach the model against which Cliff measures its subsequent fate, the bureaucratic degeneration of the workers' state could ever have occurred. An examination of Lenin's later writings is particularly relevant in this context; most notably, perhaps, his assertion that the state apparatus had merely been taken over from Tsarism and 'slightly anointed with Soviet oil'. (Lenin, CW, XXXVI, 605)

Elsewhere in his account, Cliff appears to vitiate his thesis that two different classes cannot use the same state machine by attempting to demonstrate that the U.S.S.R. has in fact undergone a transformation from a proletarian to a state capitalist regime without the destruction of the state apparatus. If it is the case, he argues, that the bureaucracy and the standing army constitute the impediment to the proletariat's peaceful accession to power, then it must follow that, since a workers' state, according to Cliff, has neither a bureaucracy nor a standing army, there exists no effective barrier to a non-violent transition from such a social formation to a state capitalist regime, in which these institutions do exist. Thus, while a gradual, non-violent revolution is excluded, a gradual counter-revolution is not. (SCR, pp. 183-4) In support of this thesis, Cliff cites Trotsky's statement in *The Fourth International and the Soviet Union* that 'In reality, the new constitution . . . opens up "legal" roads for the economic counter-revolution, i.e., the restoration of capitalism by means of a "cold strike"'.²⁸ As is apparent from the

context in which this passage occurs, what Trotsky had in mind was the atomisation of the Soviet proletariat and the translation of its numerical inferiority into a socio-economic inferiority by its submergence in the mass of the peasantry (which then constituted some three-quarters of the population of the U.S.S.R.), which he saw as a potential result of the introduction, by the 1936 Constitution, of universal suffrage and direct elections on the bourgeois parliamentary model.²⁹ It is also evident, moreover, that Cliff's application of his own methodology concludes in a 'proof' of what he elsewhere describes as 'a repudiation of the revolutionary concept of the state expressed by Marx, Engels, Lenin and Trotsky', namely, that both the bourgeoisie and the proletariat can and have utilised the same state apparatus (see above). The contrast between Lenin's appraisal of the nature of the Soviet state apparatus and Cliff's 'model' has been noted. Cliff's references to a 'people's militia' rest on the same abstract and ahistorical conception of the workers' state. While it is true that, as Trotsky emphasised, the October Revolution 'dissolved the czar's army wholly and without leaving a trace' and that the Red Army was 'built anew from the first brick' (RB, p. 209), it is also clear that the 'armed people' as such never existed in the Soviet state. Indeed, the Red Army was constructed, from the outset, as a compromise between the militia system and the regular army, 'with the emphasis on the regular troops' (RB, p. 217); conscription was introduced in late summer 1918.

Ultimately, perhaps, the most serious objection to Cliff's analysis, abstracting from its internal coherence, is that it implicitly poses, yet signally fails to resolve, the question of whether capitalism, in the form of state capitalism, still has a progressive role to play in the development of the productive forces on a world scale, especially since he and the I.S. extend the designation 'state capitalist' to the regimes established in Eastern Europe, China, North Korea, Cuba, and Vietnam in the post-war period.³⁰

It must however be emphasised that while Cliff's analysis is in many ways assimilable to that of Shachtman, being based on a similar methodology and manifesting analogous lacunae, the differences between them at the level of political conclusions are nevertheless profound.³¹

Shachtman's theory of Soviet 'bureaucratic collectivism' led him, ultimately, into the right wing of the American Socialist Party, from which position he advocated, until his death in 1972, an aggressive U.S. foreign policy towards the Soviet Union. For Cliff, as indeed

for most other theorists of state capitalism (see Chapter 6), the fundamental dichotomy between capitalism and proletarian revolution remains the determinant of political practice, the developments which have occurred in the U.S.S.R. and a number of analogous social formations being seen as essentially a detour in the development of the world revolutionary process.

STALINISM AND THE EASTERN EUROPEAN REVOLUTION

During 1944 and 1945 the Red Army gained control of most of Eastern Europe. Stalin, as part of an agreement to maintain the wartime détente with the Western allies, gave assurances at the Yalta Conference that the integrity of the existing social relations of production would be preserved in the 'buffer' countries (Czechoslovakia, Poland, Hungary, Bulgaria, Rumania, Yugoslavia, and East Germany), the outcome of which was the establishment of coalition governments in all of these social formations ('People's Democracies'). These governments functioned until 1947 or 1948 when, in response to Truman's launching of the 'Cold War' and the politico-economic pressures generated by the implementation of the Marshall Plan, the Soviet bureaucracy and the East European Stalinists jettisoned the bourgeois elements in the coalitions and initiated the nationalisation of the means of production in the buffer states, transforming their economic and political structures on the Soviet (Stalinist) model. (See, e.g. Horowitz (1969), pp. 67-90) The single exception to this schema was in Yugoslavia, where the Titoists came to power as a result of a civil war.

The question of the class nature of the 'Sovietised' social formations which emerged in Eastern Europe was, inevitably, to preoccupy the Trotskyist movement in the early postwar years. The dilemma with which this development appeared to confront those who still espoused Trotsky's characterisation of the U.S.S.R. and of Stalinism has been summarised thus by Duncan Hallas, who in 1950, together with Cliff, was one of the founders of the *Socialist Review* group, which rejected this characterisation:

If it is conceded that a whole series of workers' states can be created by the Stalinist bureaucracy, or by the local communist parties or by a combination of both, then it is nonsense to say that Stalinism is incapable of overthrowing capitalism. Yet this was

one of the principal assumptions on which the F.I. had been founded.³² If, on the other hand, regimes with a planned economy based on nationalised property relations are capitalist states then it is nonsense to describe the U.S.S.R. as a workers' state. (Hallas, 1969, p. 28)

The very fact that the Soviet bureaucracy had emerged victorious from the war was in itself a source of theoretical problems for the F. I. Trotsky had repeatedly articulated the same prognosis for the U.S.S.R. in the event of an imperialist war:

The fears of the 'ultralefts' that the victory of the U.S.S.R. may lead to the further consolidation of the positions of the Bonapartist bureaucracy, arise out of a false conception of the international relationships as well as the internal development of the U.S.S.R. The imperialists of all the camps will not reconcile themselves with the Soviet Union until private property in the means of production has been re-established. Whatever the grouping of states may be at the beginning of the war, the imperialists will, in the course of the war, know how to come to an understanding and to a regrouping among themselves always at the expense of the U.S.S.R. The U.S.S.R. will be able to emerge from a war without a defeat only under one condition, and that is, if it is assisted by the revolution in the West or in the East. But the international revolution, the only way of saving the U.S.S.R., will at the same time signify the death blow for the Soviet bureaucracy.³³

While the letter of Trotsky's perspective was falsified by events, the essential content, however, was not. The survival and consolidation of Stalinism was a function of the international balance of class forces which developed during the course of the war. This balance was, manifestly, unfavourable to imperialism and definitively precluded its extension. It is highly probable that any attempt by the Western Allies to launch an attack on the Soviet Union in the early postwar years would have been met by large-scale mutiny in their armed forces. In this context, Stalin's collusion in the liquidation of the revolutionary movement in Greece can only be seen as a striking confirmation of Trotsky's interpretation of the international role of the Soviet bureaucracy. His characterisation of its domestic role, moreover, was in no way invalidated by the

strength of the Soviet people's resistance to the *Wehrmacht*, which it would be incongruous to see as an endorsement of the U.S.S.R.'s repressive governmental regime. It seems likely that, by stiffening resistance, the Nazi treatment of occupied areas in the Soviet Union contributed in large measure towards compensating for the poor quality of Soviet military leadership (the officer corps of the Red Army having been decimated by the purges of the 1930s).

The first significant attempt by the F.I. to analyse the developments in Eastern Europe took the form of a resolution from the Seventh Plenum of its International Committee in April 1949, in which the buffer countries (with the exception of Finland and the Soviet-occupied zones of Germany and Austria) were characterised as 'capitalist countries on the road toward structural assimilation with the U.S.S.R.'. It was argued that

The social differences between the U.S.S.R. and the buffer zone. . . are of a *qualitative* nature even though from the *quantitative* point of view society in the buffer zones approaches more closely Soviet society rather than that of the "normal" capitalist countries, in the same sense in which the U.S.S.R. is quantitatively closer to capitalism than to socialism. (EBC, p. 14)

While it was held that this 'did not at all imply that the bourgeoisie is in power as the dominant class in these countries', the resolution effectively avoided the question of which class was therefore in power. The end point of 'structural assimilation', it was stated, would correspond to the 'achievement of effective planning and co-ordination applied to the combined economies of these countries linked organically to the U.S.S.R.', either through the direct incorporation of the buffer states into the Soviet Union or by the creation of a unitary 'Balkan-Danube Federation', formally independent of the U.S.S.R., but still such as to provide a 'genuinely unified framework for economic planning'. (EBC, p. 14)

The concept of 'structural assimilation' was used, in effect, to designate an overthrow of capitalism without an open revolutionary mobilisation of the masses (such as—although it was led by a Stalinist party—had occurred in Yugoslavia). It was derived, essentially, from certain of Trotsky's later writings, in which he had addressed himself to the question of the likely outcome of the incorporation of parts of Poland, Lithuania, Latvia, and Estonia into the Soviet Union as a consequence of the Nazi-Soviet Pact.

Rejecting the possibility that the Soviet bureaucracy might preserve capitalist social relations of production in the occupied territories, Trotsky argued that

It is more likely . . . that in the territories scheduled to become a part of the U.S.S.R., the Moscow government will carry through the expropriation of the large land-owners and statification of the means of production. This variant is most probable not because the bureaucracy remains true to the socialist programme but because it is neither desirous nor capable of sharing the power, and the privileges the latter entails, with the old ruling classes in the occupied territories. Here an analogy literally offers itself. The first Bonaparte halted the revolution by means of military dictatorship. However, when the French troops invaded Poland, Napoleon signed a decree: "Serfdom is abolished". This measure was dictated not by Napoleon's sympathies for the peasants, nor by democratic principles, but rather by the fact that the Bonapartist dictatorship based itself not on feudal, but on bourgeois property relations. Inasmuch as Stalin's Bonapartist dictatorship bases itself not on private but on state property, the invasion of Poland by the Red Army should, in the nature of the case, result in the abolition of private capitalist property, so as thus to bring the regime of the occupied territories into accord with the regime of the U.S.S.R.

This measure, revolutionary in character – 'the expropriation of the expropriators' – is in this case achieved in a military-bureaucratic fashion. The appeal to independent activity on the part of the masses in the new territories – and without such an appeal, even if worded with extreme caution, it is impossible to constitute a new regime – will on the morrow be suppressed by ruthless police measures in order to assure the preponderance of the bureaucracy over the awakened revolutionary masses. (IDM, pp. 22–3)³⁴

Notwithstanding this apparent theoretical precedent, the way in which the concept of structural assimilation was employed in the 1949 resolution did more to confuse than to clarify the problem at issue. It was, for example, maintained in the resolution that the nationalisations which had taken place in the buffer states had 'created necessary but insufficient conditions for planning, even in a degenerated form as in the U.S.S.R.', the implication being that,

singly or even as a whole, these social formations were too small for the institution of effective (albeit bureaucratic) planning. This thesis was most signally expressed by one of the contributors to the debate, Ernest Germain (the pseudonym of Ernest Mandel), who pointed out that although the construction of the socialist economy was possible only on an international scale, it had nevertheless been possible to initiate this construction within the national framework of the Soviet Union. He went on to argue that

. . . it does not at all follow from this that *any* national framework whatever lends itself to planning on the mere condition that the proletariat has conquered power. It is obvious that a *minimum material base* is indispensable even to the preparatory work of socialist planning.³⁵

Explicitly in Mandel's formulation and implicitly in the 1949 resolution itself, socialism and socialist planning are conflated with the conditions of existence of a workers' state. The efficacy of central planning can have no bearing on the characterisation of a social formation as a workers' state, provided, of course, that this planning really is effected at national level, independently of the criteria of the profitability of the individual production units which comprise the economy. There is, incidentally, no suggestion in Trotsky's analysis of likely developments in the territories occupied by the Red Army in 1939 that the nationalisation of the means of production and the inauguration of planned economy within them could take place only through their physical incorporation into the U.S.S.R.

The inadequacy of the 1949 resolution was acknowledged at the Third World Congress of the F.I. in 1951, a resolution of which declared that

Taking into account all the modifications effected since 1949 in the economy as well as in the state apparatus of the buffer zone countries, within the framework of a new trend in the international situation, the structural assimilation of these countries to the U.S.S.R. must be considered as having now been essentially accomplished and these countries as having ceased to be basically capitalist countries. (CNEE, p. 54)

To this was added the explanation that it had become evident that

the revolutionary action of the masses was 'not an indispensable condition needed by the bureaucracy to be able to destroy capitalism under exceptional and analogous conditions and in an international atmosphere like that of the "cold war"' and that

. . . in such conditions and on the basis of an actual statification of the means of production, it is possible to initiate the process of planned economy without formal incorporation into the U.S.S.R., without formal abolition of the frontiers and despite the special forms of exploitation that the bureaucracy still maintains in these countries which remain an ever-present obstacle to the planning and free development of their economy. (CNEE, p. 55)

Implicitly, the concept of structural assimilation had been redefined, being employed to designate the restructuring of the economic and political levels of the Eastern European social formations on the Soviet (Stalinist) model. These social formations were now defined as being 'deformed workers' states', having been established, as distinct from the degenerated workers' state (that is, the U.S.S.R. itself), not by the revolutionary action of the masses, but by the action of the bureaucracy itself, in which context the term 'deformed' was used to convey the fact that these states had the same fundamental defect as the Soviet Union, namely, the institutional exclusion of the proletariat from administrative power.³⁶

The resolution did not, however, appear fully to resolve the problem of the concrete mode of the transformation of the buffer countries into deformed workers' states, since it left open the question of the actual nature of these social formations immediately prior to their becoming workers' states and of the class character of the regimes which had effected this transmutation. Following the October Revolution in Russia, the Bolsheviks had for a period exercised power on the basis of an unreconstructed and essentially capitalist economy. At this time, Trotsky afterwards pointed out, the formula 'workers' and farmers' (or workers' and peasants') government' was in current use as 'the popular designation for the already established dictatorship of the proletariat', its particular significance deriving 'from the fact that it underscored the idea of an alliance between the proletariat and the peasantry upon which the Soviet power rests'. (TP, p. 93) In considering, in *The Transitional*

Programme, the likelihood of an anti-capitalist government being created by the traditional working class organisations (that is, those other than the F.I. itself, as the only revolutionary Marxist current), Trotsky had deemed it to be 'to say the least highly improbable'. He had, nevertheless, added the proviso that

... one cannot categorically deny in advance the theoretical possibility that, under the influence of completely exceptional circumstances (war, defeat, financial crash, mass revolutionary pressure, etc.), the petty-bourgeois parties including the Stalinists may go further than they themselves wish along the road to a break with the bourgeoisie. In any case one thing is not to be doubted: even if this highly improbable variant somewhere at some time becomes a reality and the "workers' and farmers' government" in the above-mentioned sense is established in fact, it would represent merely a short episode on the road to the actual dictatorship of the proletariat. (TP, p. 95)

In its appraisal of the Cuban revolution, the majority of the F.I. had characterised the Castro regime, following its expulsion of Urrutia and others from the coalition towards the end of 1959, as a 'workers' and farmers' government'.³⁷ This characterisation, it was subsequently argued, could legitimately be applied to the political levels of the buffer countries of Eastern Europe prior to their emergence as deformed workers' states.³⁸

Once again, however, as with the concept of 'structural assimilation', the F.I.'s attempt to grapple with the problems involved was unnecessarily diverted. In fact, as Cook has observed, the essential form in which the socio-economic transformations in Eastern Europe had been effected was intrinsically fairly simple:

The 'Red Army, military arm of a workers' state, replaced the German *Wehrmacht* as the organ of state power in most of these countries in 1944-45. Thenceforth, if capitalist production or bourgeois "governments" survived, it was purely and simply on Stalin's sufferance. When in 1947-48, Marshall Aid and the onset of the Cold War revealed the idea of neutral pro-Soviet regimes à la Finland as utopian, the Kremlin simply liquidated these phenomena and bureaucratically assimilated the political and economic forms from the Baltic to the Black Sea to those already

existing in the U.S.S.R., these latter based, in the last analysis, on the proletarian revolution of 1917. (Cook, 1975, p. 10)³⁹

Hallas' dichotomy (see above) is, it must be concluded, a false one. Far from invalidating either the F.I.'s characterisation of the Soviet Union or the rationale for its existence as a distinct political tendency, the postwar developments in Eastern Europe were fully in accordance with both and, indeed, with Trotsky's writings of 1939 and 1940 on the events in the Soviet-occupied zone of Poland. While, moreover (as the occurrence of successful anti-capitalist revolutions in China, Cuba, and Vietnam have since demonstrated), the intervention of a revolutionary Marxist party is by no means indispensable for the establishment of a workers' state, it is more than ever apparent that the presence of such a party is an essential condition of the socialist transformation of a post-capitalist social formation.

5 The Theory of State Capitalism and the Soviet Economy

STATE CAPITALISM AND MARXIST THEORY

In his major work on the U.S.S.R. and Stalinism, Trotsky had recognised that

Theoretically, to be sure, it is possible to conceive of a situation in which the bourgeoisie as a whole constitutes itself a joint stock company which, by means of its state, administers the whole national economy. The economic laws of such a regime would present no mysteries. A single capitalist, as is well known, receives in the form of profit, not that part of the surplus value which is directly created by the workers of his own enterprise, but a share of the combined surplus value created throughout the country proportionate to the amount of his own capital. Under an integral "state capitalism", this law of the equal rate of profit would be realised, not by devious routes—that is, competition among different capitals—but immediately and directly through state bookkeeping. (RB, pp. 245–6)¹

He came to the conclusion, however, that because of the intrinsic heterogeneity of the capitalist class and the consequent tensions within it, and the fact that the concentration of all means of production in the state would render it too vulnerable to working-class political struggle, a social formation with an economic level so constituted would never become a reality.

For Tony Cliff, who has produced the most substantial analysis of the Soviet economy as a form of 'state capitalism', this economy is, in its essentials, assimilable to the 'orthodox' capitalist economies and represents, in effect, the historical culmination of the capitalist

mode of production. Cliff thus arrives at his conception of Soviet 'state capitalism' through his analysis of contemporary capitalism, and of the trends towards increasing monopolisation and state intervention in the economy apparent within it. As a point of departure for his argument, he cites a passage from Engels in which it is stated that

The more productive forces it [the state] takes over, the more it becomes the real collective body of all the capitalists, the more citizens it exploits. The workers remain wage-earners, proletarians. The capitalist relationship is not abolished, it is rather pushed to an extreme. But at this extreme it changes into its opposite. State ownership of the productive forces is not the solution of the conflict, but it contains within it the formal means, the handle to the solution.²

From the context, it is evident that Engels was referring to the fact that because of what he saw as the intensifying contradiction in the capitalist economy between the productive forces and the social relations of production,³ the bourgeoisie was compelled to 'socialise' large sectors of industry, first through the medium of joint-stock companies (a phenomenon described by Marx in the third volume of *Capital*: see CAP, III, 427), and later by nationalisation. This did not, however, divest the productive forces of their character as capital, and could not, therefore, suppress the contradictions inherent in the capitalist mode of production. Their solution, Engels argued,

. . . can only consist in the recognition of the social nature of the modern productive forces; that is, therefore, the mode of production, appropriation and exchange must be brought into accord with the social character of the means of production. And this can only be brought about by society, openly and without deviation, taking possession of the productive forces which have outgrown all control other than that of society itself. Thereby the social character of the means of production and of the products – which today operates against the producers themselves, periodically breaking through the mode of production and exchange and enforcing itself only as a blind law of Nature, violently and destructively – is quite consciously asserted by the producers, and

is transformed from a cause of disorder and periodic collapse into the most powerful lever of production itself. (AD, p. 313)

Cliff maintains, however, that Engels implicitly 'formulated the relation between state capitalism and the dictatorship of the proletariat', citing also passages from Lenin's *The Impending Catastrophe and How to Combat It* and Bukharin's *Economics of the Transformation Period* as explicit definitions of this same relationship. In fact, as has already been indicated, Lenin used the term 'state capitalism' in several different contexts. In the work just mentioned, as well as in the *Preface to The State and Revolution*, he used it to denote a particular form of the organisation and functioning of the capitalist mode of production, characterised by the centralisation of capital in cartels and trusts, a theme which he had already touched on in *Imperialism, the Highest Stage of Capitalism*. (LSW/I, 169–263) He did not, however, make it entirely clear whether he was actually referring to the creation of a single monopoly per state or to a state monopoly. This conception was, nevertheless, essentially similar to Bukharin's, as set out in his *Economics* and in the earlier *Imperialism and World Economy*.⁴ Lenin, indeed, had made use of the latter in the preparation of his own work on imperialism, and actually wrote for it an enthusiastic introduction.⁵

In other works, beginning with his 1918 polemic against the Left Communists, but more especially in a series of texts written at the time of, and subsequent to, the introduction of the N.E.P., Lenin used the term 'state capitalism' to designate a capitalist sector of the economy functioning under the workers's state. Trotsky summarised Lenin's uses of the concept as follows:

... under state capitalism, in the strict sense of the word, we must understand the management of industrial and other enterprises by the bourgeois state on its own account, or the 'regulating' intervention by the bourgeois state into the workings of capitalist enterprises. By state capitalism 'in quotes' [Lenin's expression] Lenin meant the control of the proletarian state over private enterprises and relations. Not one of these definitions applies from any side to the present Soviet economy. (Trotsky, 'Nature', p. 15)⁶

The latter conception was completely rejected by Bukharin, for whom state capitalism under the dictatorship of the proletariat was

an impossibility. This is indeed clear from the passage which Cliff cites:

In the system of state capitalism the economically-active subject is the *capitalist state*, the collective total *capitalist*. In the dictatorship of the proletariat, the economically-active subject is the *proletarian state*, the collectively organized working class, "the proletariat organized as state power". In state capitalism, the production process is a process of production of surplus value which falls into the hands of the capitalist class, with the tendency to transform this value into surplus product. In the proletarian dictatorship, the production process serves as a means of systematic satisfaction of social needs. The system of state capitalism is the most perfect form of exploitation of the masses by a handful of oligarchs. The system of proletarian dictatorship makes any kind of exploitation whatsoever inconceivable, for it transforms the collective capitalist property and its private capitalist form into collective *proletarian* "property". . . . In short, *the functional oppositionality of formally similar phenomena is totally determined by a functional oppositionality of systems of organization, by their opposed class character.* (Bukharin, 'Economics', pp. 117-18)

In *State Capitalism in Russia*, Cliff does not recognise any qualitative differences between state capitalism in the form of a capitalist war economy (as in Lenin's description of the German economy during the First World War in *The Impending Catastrophe and How to Combat It*), and that represented by a social formation in which the state becomes a 'collective capitalist', although he prefers to restrict the use of the term 'state capitalism', to the latter, and to designate the former as 'state monopoly capitalism'. (SCR, p. 201). It would now seem, with respect to the U.S.S.R. (and the analogous social formations in Eastern Europe, China, Cuba, North Korea, and Vietnam), that

Cliff proposes, as a more precise term, "bureaucratic state capitalism", to indicate the nature of the class controlling the state, and to distinguish this formation from other forms of state capital: e.g., "state capitalist trusts" within monopoly capitalism . . . and "state capitalism" within the framework of a workers' state . . .⁷

It must be said that Cliff's conception of state capitalism and a workers' state as 'two stages in the transitional period from capitalism to socialism' is far from clear. The nationalisations which take place under a bourgeois regime are designed to strengthen it, that is, to reconstitute the conditions for the continued expansion of capital accumulation, rather than to bring the economy, or any part of it, under effective social control. Certainly, in so doing they tend to accentuate the contradictions resulting from the mode of appropriation of surplus-labour, but it is only on the basis of a teleological conception of the transition to socialism as resulting from the 'working-out' of these contradictions that it is possible to assert that the Soviet economy is in some sense the culmination of tendencies inherent in contemporary capitalism.

Marx's comments on the development of joint stock companies would seem to offer a more coherent insight into the real relationships involved:

The capitalist stock companies, as much as the co-operative factories, should be considered as transitional forms from the capitalist mode of production to the associated one, with the only distinction that the antagonism is resolved negatively in the one and positively in the other. (CAP, III, 431)

The transition to socialism would thus result not simply from the development of the objective tendency towards the socialisation of the productive forces within contemporary capitalism (via an intermediary stage of 'state capitalism'), but from the coincidence of this tendency with class struggle and the expansion of working-class power.

THE LAW OF VALUE AND THE SOVIET ECONOMY

If his conception of the U.S.S.R. as a state capitalist social formation is to have any validity, one of the principal questions which Cliff must answer is that of how the law of value applies in the Soviet economy. In explaining the function of this law, Marx stated that

Every child knows that a nation which ceased to work, I will not say for a year, but even for a few weeks, would perish. Every child

knows, too, that the volume of products corresponding to the different needs require different and quantitatively determined amounts of the total labour of society. That this *necessity* of the *distribution* of labour in definite proportions cannot be done away with by a *particular form* of social production but can only change the mode of *its appearance*, is self-evident. Natural laws cannot be abolished at all. What can change in historically different circumstances is only the *form* in which these laws assert themselves. And the form in which this proportional distribution of labour asserts itself, in a social system where the interconnection of social labour manifests itself through the private *exchange* of individual products of labour, is precisely the *exchange value* of these products. (Marx to Kugelmann, 11 July 1868, MESC, pp. 195-7)

Every society, Marx argued, must necessarily have a mechanism for allocating the total labour of its members to different functions and for distributing the proceeds of that labour. Several such mechanisms are possible. These are associated with specific modes of appropriation of surplus-labour and with characteristic distributions of the means of production. In capitalist commodity production the basic question to which Marx addressed himself assumes an especially imposing character:

Given the fact that the capitalist mode of production works through "natural", "automatic" laws, independent of man's will, how is it that thousands of millions of exchange operations, generally undertaken blindly, do not constantly produce crises and stoppages of economic activity, but on the contrary proceed within the framework of a continuity, necessarily interrupted from time to time by discontinuity? What force insures this continuity? What force is it that allots labour and capital among the different branches of industry? . . . When Marx's critics put forward their objections to his theory, they do not merely fail to set up a coherent theory in place of his; generally speaking, they fail to understand what the problem is. (Mandel, 1971b, p. 96)

For Marx, the key to understanding how the labour-time available in capitalist society is employed and distributed lay in the

nature of exchange-value, as 'the necessary mode of expression, or form of appearance, of value' (CAP, I, 128), or 'the autonomous mode of presentation of the *value* contained in a commodity . . .'. (WN, p. 198). Marx distinguished between concrete or useful labour, which produces use values, that is, 'properties of things that are made use of by men and express a relation to their wants' (TSV, III, 128), and abstract labour, '*labour as the expenditure of labour-power*, no matter in which "useful" mode it be expended . . .'. (WN, p. 200) This 'twofold character' of labour is represented in the dual nature of the commodity as, 'on the one hand, use-value, and on the other hand, "value", not exchange-value, since the mere form of appearance is not its proper *content*'. (WN, p. 198) It is abstract labour (abstract social labour) which is the substance of 'value', so that 'the "value" of the commodity is only a determinate historical form of something which exists in all other historical forms of society as well, even if *in another form, namely, the social character of labour*, so far as it exists as the *expenditure of "social" labour-power*'. (WN, p. 207)

In capitalist commodity production, exchange-value is the form of representation of value and the medium through which the necessary interconnection of production and consumption (that is, distribution) is effected and the social character of labour asserted. The specification of the social structure in which this is the case is central to the problematic of *Capital*. While it can be said, moreover, that within this social structure 'individual labour powers are equalized precisely because they are treated as abstract or *separate* from the real empirical individuals to whom they belong' (Colletti, 1972, p. 84), so that labour is alienated labour by virtue of this abstraction, the concept of abstract labour is not, as Colletti maintains, synonymous with alienated labour. The distinction between abstract and concrete labour rests rather on the fact that production is necessarily both 'production at a definite stage of social development – production by social individuals' (PGR, 85), and the production of a specific good.

There is, however, only an accidental connection between the total amount of social labour expended in the production of any given commodity and the volume of its production necessary to satisfy the existing social needs. (See CAP, III, 183) Labour expended in the manufacture of a commodity may thus either exceed or fall below that which is socially necessary.⁸ Nevertheless,

The exchange, or sale, of commodities at their value is the rational state of affairs, i.e., the natural law of their equilibrium. It is this law that explains the deviations, and not *vice versa*, the deviations that explain the law. (CAP, III, 184)

It must be understood that an economy governed by the law of value is not necessarily capitalist. The emergence of the capitalist mode of production proper is marked by the fact that labour-power itself becomes a commodity, bought and sold on the market, its exchange-value being also determined by the socially necessary labour-time expended in its reproduction. Capitalism in fact constitutes a system of generalised commodity production, in which not only do all products take the form of commodities, but so, too, do all the elements of the labour process, that is, the instruments of labour, raw materials, and labour-power itself. This presupposes a social organisation in which the workers are separated from their means of production, which are owned by the capitalists or bourgeoisie, who purchase the labour-power of the workers. It represents, in effect, a mechanism for the appropriation of surplus-value, this being the difference between the value of labour-power (representing that part of the working day in which the worker produces the equivalent of his own means of subsistence, as socially determined), and its productive capacity, that is, the value which may be realised on the sale of its products (representing the total working day).⁹ This is actually one specific mode of the extraction of surplus-labour, the appropriation of which in the form of surplus-value is peculiar to the capitalist mode of production, in which the appropriated surplus-value fuels the accumulation of capital and the expansion of value. It is the manner in which surplus-labour is extracted which specifies a particular mode of production and the conditions of existence of its characteristic relations of production in a social formation (although the forms in which those conditions are secured may vary):

The specific economic form, in which unpaid surplus-labour is pumped out of direct producers, determines the relationship of rulers and ruled, as it grows directly out of production itself and, in turn, reacts upon it as a determining element. Upon this, however, is founded the entire formation of the economic community which grows up out of the production relations themselves, thereby simultaneously its political form. It is always

the direct relationship of the owners of the conditions of production to the direct producers—a relation always naturally corresponding to a definite stage in the development of the methods of labour and thereby its social productivity—which reveals the innermost secret, the hidden basis of the entire social structure, and with it the political form of the relation of sovereignty and dependence, in short, the corresponding specific form of the state. This does not prevent the same economic basis—the same from the standpoint of its main conditions—due to innumerable different empirical circumstances, natural environment, racial relations, external historical influences, etc., from showing infinite variations and gradations in appearance, which can be ascertained only by analysis of the empirically given circumstances. (CAP, III, 772. See also CAP, I, 325)

Cliff arrives at his conception of the functioning of the law of value in state capitalism through an analysis of monopoly and of state ‘regulation’ of the economy in contemporary capitalism. He writes that

The regulation of economic activity by the state is, in itself, a partial negation of the law of value, even if the state is, as yet, not the repository of the means of production. . . . Now, the law of value holds absolute sway only under conditions of free competition, i.e., when there is free movement of capital, commodities and labour power. Therefore, even the most elementary forms of monopolistic organisation already negate the law of value to a certain extent. Thus when the state regulates the allocation of capital and labour power, the price of commodities, etc., it is most certainly a partial negation of capitalism. This is even more the case when the state becomes an important buyer of products. (SCR, p. 159)

In support of this contention, Cliff cites Lenin:

When capitalists work for the defence, i.e., for the government treasury, it is obviously no more ‘pure’ capitalism, but a special form of national economy. Pure capitalism means work for an *unknown* and free market. But the capitalist ‘working’ for the defence does not ‘work’ for the market at all. He fills the order of

the government, and in most cases for money that had been advanced to him by the treasury.¹⁰

Even in monopoly capitalism, Cliff argues, the law of value is partially negated. Hence, he points out, Hilferding wrote that

What is undetermined and unmeasurable under the rule of monopolies is demand. How this reacts on the raising of prices cannot be ascertained. Monopoly prices can be determined empirically, but their level cannot be determined theoretically . . . Classical economy conceives prices as the form of appearance of anarchical social production, their level as dependent on the social productivity of labour. The objective price law is realised only through competition. When the monopolist associations abolish competition, they remove with this the only means by which an objective price law can be realised. Price ceases to be an amount determined objectively, and becomes a problem of calculation for those who determine it with will and consciousness; instead of a result it becomes an assumption, instead of being objective, subjective, instead of being inevitable and independent of the will and consciousness of the actors it becomes arbitrary and accidental. The realisation of the Marxian theory of concentration – the monopolistic merger – seems to lead to the invalidation of the Marxian theory of value.¹¹

The law of value, however, does not function only under conditions of free ('perfect') competition. It is normal for prices to deviate from values; indeed, it was precisely this situation with which Marx was concerned rather than one in which commodities exchange at their values. He emphasised, therefore, that the equilibrium of supply and demand (Say's Law) could not explain the derivation of market-values, and that the law of value was in no sense predicated upon the existence of perfect competition:

If demand and supply balance one another, they cease to explain anything, do not affect market values, and therefore leave us so much more in the dark about the reasons why the market-value is expressed in just this sum of money and no other. (CAP, III, 186)

The assumption that commodities deriving from the various

spheres of production were sold at their values meant, in effect, that these values were the 'centres of gravity' around which their prices fluctuated, with rises and falls tending to equalise. In fact, however

The exchange of commodities at their values, or approximately at their values . . . requires a much lower stage than their exchange at their prices of production, which requires a definite level of capitalist development. . . . Apart from the domination of prices and price movements by the law of value, it is quite appropriate to regard the values of commodities as not only theoretically but also historically *prior* to the prices of production. (CAP, III, 174. See also Engels to Sombart, 11 March 1895, MESC, pp. 454-6)

It was precisely in order to apprehend value relations within the production process of mature capitalism that Marx, in the third volume of *Capital*, introduced the idea of prices of production, which he defined as being:

The prices which obtain as the average of the various rates of profit in the different spheres of production added to the cost-prices of the different spheres of production . . . They have as their prerequisite the existence of a general rate of profit, and this, again, presupposes that the rates of profit in every individual sphere of production taken by itself have previously been reduced to just as many average rates. (CAP, III, 155)

When prices of production took the place of market values¹² in the historical development of the capitalist mode of production, it thereby followed that production price became the 'centre of gravity' around which price fluctuations occurred and tended to equilibrate over a period.

Within the capitalist mode of production, Marx concluded as follows:

Since the total value of the commodities regulates the total surplus-value, and this in turn regulates the level of average profit and thereby the general rate of profit – as a general law or a law governing fluctuations – it follows that the law of value regulates the prices of production.

What competition, first in a single sphere, achieves is a single market-value and market-price derived from the various individual values of commodities. And it is competition of capitals in different spheres, which first brings out the price of production equalizing the rates of profits in the different spheres. The latter process requires a higher development of capitalist production than the previous one. (CAP, III, 177)

Setting this account against Cliff's treatment of the law of value in *State Capitalism in Russia*, it is clear that he misinterprets Marx's conception of the law and its operation, assuming that it is in some sense expressed in competition rather than in exchange. More than that, however, he seems to identify competition with free price competition, with the disappearance of which, he argues, the law of value no longer applies, or at least is 'partially negated'. Although the rise and fall of prices is the mechanism through which the process of profit equalisation and the formation of production prices takes place, the essence of Marx's account is rather that one company realises a higher rate of profit which then attracts the capital of others to the same 'sphere of production' until equalisation is effected. If, however, price competition is supplanted by intensive advertising and sales promotion techniques as a mechanism for securing a greater share of the market, the process nevertheless takes place just as Marx described it.

As Tarbuck has observed, Hilferding, in the passage cited by Cliff,

. . . seems to be falling into the error of confusing the determinant of value and its measure, i.e. price is the measure, average socially necessary labour time is the determinant. To use an analogy we use a ruler to measure a length of wood, but the ruler does not determine the amount to be divided. Therefore when Hilferding says that under monopoly prices lose their determining function he is standing the process on its head. The monopolist can only determine his prices subjectively within a given range of variables; beyond these limits he is faced with certain market-determined factors which are objective ones for him. It is certainly true that given a certain level of monopoly prices diverge from value for individual commodities and therefore would *seem* to be determined subjectively, but these divergences are merely distortions of value. The more the monopolised sector

of the economy diverges from value in its prices in an upwards direction, the more prices will diverge from value in a downwards direction in the competitive sectors of the economy. It is impossible to extract more surplus value from the economy than is created within it. (Tarbuck, 1969/70, p. 12)

Mandel, in a review of Baran and Sweezy's *Monopoly Capital*, has made a similar point, arguing that

The labour theory of value implies that, *in terms of value*, the total mass of surplus value to be distributed every year is a *given quantity*. It depends on the value of variable capital and on the rate of surplus value. Price competition cannot change that given quantity (except when it influences the division of the newly-created income between workers and capitalists, i.e., depresses or increases real wages, and thereby increases or depresses the rate of surplus value). Once this simple basic truth is grasped, one understands that the displacement of free competition by monopolies does not basically alter the problem *in value terms*. It means that the distribution of the given quantity of surplus value is changed, in favour of the monopolists and at the expense of the non-monopolised sectors. (Mandel, 1967, p. 34)

More fundamentally, however, competition is simply an expression of that which is inherent in the concept of capital, as self-expanding value. Monopolisation should not, therefore, be apprehended as the 'negation', or 'partial negation', of 'free competition', but rather as a historically determinate mode of appearance of competition itself as 'the inner *nature of capital*, its essential character, appearing in and realised as the reciprocal interaction of many capitals with one another, the inner tendency as external necessity'. (PGR, p. 414)

Notwithstanding Cliff's remarks about the 'partial negation' of the law of value in monopoly and state monopoly capitalism, it must therefore be the case that if the Soviet economy is in any meaningful sense capitalist (state capitalist), it is governed by the law of value, as Cliff himself recognises. Since the ownership of all enterprises is *de jure* vested in one body, the state, Cliff concludes that there is no real exchange of commodities, citing Marx to the effect that 'Only such products can become commodities with regard to each other, as result from different kinds of labour, each kind being carried on independently and for the account of private individuals'.¹³ Since

there is a direct connection between the enterprises through the medium of the state, which fixes prices and effectively controls production within them, he argues further that

. . . price is not the medium through which Russian production and the division of labour in Russian society as a whole are regulated. It is the government which regulates. Price is only one of the weapons the state uses in this activity. It is not the motor, but the transmission belt. (SCR, pp. 204-5)

He adds, however, that 'This does not mean that the price system in Russia is arbitrary, depending purely on the whim of the bureaucracy. The basis of price, here, too, is the cost of production'. (SCR, p. 205) In the original version of Cliff's text, this passage was followed by the statement that

If price is to be used as a transmission belt through which the bureaucracy directs production as a whole, it must fit its purpose, and as nearly as possible reflect the real costs, that is, the socially necessary labour absorbed in the different products . . . ¹⁴

Cliff's argument would seem to be an implicitly contradictory one, however. When he states that the real costs, that is, the socially necessary labour-time expended in production, find expression in prices, he is effectively admitting that the law of value is operational within the Soviet economy, albeit 'refracted through the prism of the plan' (Mandel, 1968, p. 569), so that it is not simply 'the government which regulates'.

Cliff also rejects the idea that labour-power is a commodity in the U.S.S.R., citing Marx's comments on the necessary conditions of its sale and purchase within the capitalist mode of production. (SCR, p.207. See also CAP, I, 271) He points out that the fact that, in the Soviet Union, there is only one 'buyer' of labour-power, the state, makes the Soviet worker's periodic sale of his labour-power an impossibility. If, therefore, Marx was right in regarding the temporary character of this sale under capitalism as being essential for the continued reproduction of the labour market and the commodity character of labour-power, labour-power cannot be a commodity in the U.S.S.R. Cliff goes on to argue that in a workers's state

The 'sale' of labour power is different from the sale of labour power under capitalism, because under a workers' state the workers as individuals do not sell their labour power but put it at their own service in their role of a collective. Labour power ceases really to be a commodity, as here the exchange takes place between the workers as individuals, and these same workers as a collective, and not between two entities which are totally independent of one another except in their exchange. (SCR p. 163)

In fact, commodity exchange must still take place during the transition period from capitalism to socialism. As long as the supply of consumer goods is insufficient to meet the needs of the whole of society, there will remain the need to measure what each individual contributes to, and receives from, the pool of consumer goods. For reasons to be discussed below, the survival of money as a medium of circulation and a universal standard is, in this context, inevitable during the transition period. It is thus mistaken to maintain that, in a workers' state, the individual worker does not sell his labour-power to 'the collective'. There is still an exchange of commodities, that is, labour-power for consumption goods, and this is regulated on the basis of the law of value. Moreover, Cliff contradicts himself when he follows his contention that labour-power ceases to be a commodity in a workers' state with the statement that the sale of labour-power is different here from that which occurs within the capitalist mode of production. Clearly, if labour-power is no longer a commodity, it is no longer possible to speak of labour-power, a situation which in fact will only obtain with the advent of the 'higher phase of communist society' and the principle 'from each according to his ability, to each according to his needs', when work will become an activity by which men and women identify themselves as human beings. Nor can Cliff maintain that, in a workers' state, the workers put their labour-power 'at their own service in the role of a collective', for labour-power, by definition, can only be individually-owned, since the worker possesses it in his own person.

In a more recent account of the theory of state capitalism by Peter Binns and Duncan Hallas (fellow-members, with Cliff, of the I.S.), it is stated, presumably in an attempt to correct the conceptual inaccuracies just referred to in Cliff's text, that the Soviet worker 'is free to sell his labour power to a wide range of employers, for there

are many enterprises . . . '. (Binns and Hallas, 1976, p. 23) Binns and Hallas make no attempt, however, to substantiate this assertion theoretically or to clarify its implications for their analysis of Soviet 'state capitalism'.

THE PERMANENT ARMS ECONOMY

As a result of his analysis, Cliff declares that

. . . if one examines the relations within the Russian economy, abstracting them from their relations with the world economy, one is bound to conclude that the source of the law of value, as the motor and regulator of production, is not to be found in it. In essence, the laws prevailing between the enterprises and between the labourers and the employer-state would be *no different* if Russia were one big factory managed directly from one centre, and if all labourers received the goods they consumed directly *in kind* (SCR, pp. 208-9)

Marx emphasised, in the *Grundrisse*, that: 'Capital exists and can only exist as many capitals, and its self-determination therefore appears as their reciprocal interaction with one another'. (PGR, p. 414) While it follows that 'A *universal capital*, one without alien capitals confronting it, with which it exchanges . . . is therefore a non-thing' (PGR, p. 421), Marx does seem to have considered the emergence of a 'national capital', that is, the economic level of a social formation functioning as a single capitalist corporation, as being at least a theoretical possibility. Thus, in the first volume of *Capital*, he wrote that

In any given branch of industry centralization would reach its extreme limit if all the individual capitals invested there were fused into a single capital. In a given society this limit would be reached only when the entire social capital was united in the hands of either a single capitalist or a single capitalist company. (CAP, I, 779)

Although Marx never explored the implications of this assertion, Binns and Hallas, basing their work upon it, argue that such a social formation would still be capitalist, provided that there was more

than one 'national capital' (so that competition, although suppressed within that social formation, still existed between national capitals), and given the persistence of the wage-labour/capital relationship within its economic level. (Binns and Hallas, 1976, p. 26) Were this to be conceded, it must still be the case that the Soviet economy is, by some means, regulated on the basis of the law of value. Having rejected the idea that the law of value is 'internal' to the Soviet economy, Cliff is led to conclude (as, following him, are Binns and Hallas) that it is rather 'imposed' on that economy through its relationship with the world capitalist system. Conceding that Soviet trade with the capitalist world is minimal in relation to its total social product,¹⁵ Cliff argues that

. . . the commercial struggle has so far been of less importance than the military. Because international competition takes mainly a military form, the law of value expresses itself in its opposite, viz., a striving after use values. (SCR, p. 210)

Cliff maintains that international competition in arms production represents a new phase in the development of capitalism as a whole, in which 'competition through buying and selling is replaced by direct military competition. Use values have become the aim of capitalist production'. (SCR, p. 212)

This thesis has been taken up and developed by others, notably Michael Kidron, as the theory of the 'permanent arms economy'.¹⁶ It is not proposed to undertake here a detailed consideration of the theory and its assumptions; several thorough-going critiques have already appeared.¹⁷ It will be necessary, however, to make a summary evaluation of the central tenets of the theory as it has been applied to the Soviet Union.

It must first of all be emphasised that any workers' state, if much of the world economy remains capitalist, would be faced with an absolute necessity to produce armaments and to compete with its bourgeois rivals both in terms of the volume of this production and in weapons technology. Against this, Kidron has argued that

. . . one can admit that the initial plunge into a permanent arms economy was random – without affecting the issue. The important point is that the very existence of national military machines of the current size, however happened upon, both increases the chance of economic stability and compels other states to adopt a

definite type of response and behaviour *which requires no policing* by some overall authority. The sum of these responses constitutes a system whose elements are both interdependent and independent of each other, held together by mutual compulsion – in short, a traditional capitalist system. (Kidron, 1970, p. 58)

Although there is certainly a formal resemblance between the arms race and the process of capitalist accumulation (the relatively spontaneous and mutually compulsive character of arms competition is apparent), there is no sense in which the former can be identified with the system of competing autonomous capitals described by Marx. The arms race is rather a determinate feature of a particular historical stage of capitalist development. By abstracting from the origins of the arms economy and confining his analysis to its function in contemporary capitalism, Kidron has effectively conflated a historically specific feature of capitalism with the capitalist mode of production itself. One consequence of such an analysis would be, as Purdy has noted, the manifestly untenable assumption that

If there is no fundamental antagonism between the social formations of East and West, there can be no permanent socio-economic basis for the particular constellation of alliances and counter-alliances which has taken shape since the war. The contours of international politics have then to be explained solely in terms of the inner logic of diplomacy and the arms race. International affairs becomes a real-life enactment of parlour war-games. (Purdy, 1976, p. 32)

Implicit in Cliff's and Kidron's analyses is the assumption, already alluded to, that the law of value is actually expressed in competition rather than exchange, and that it is essentially competition 'in the abstract' which is the characteristic and determinant feature of the capitalist mode of production. Harman, an associate of Cliff and Kidron, has explained this thesis as follows:

. . . capitalism is . . . competition on the basis of commodity production. But to fully understand it one has to go further and see that what makes man-produced objects – and above all labour power – into a commodity is precisely competition between producing units that has advanced to the point where each

is compelled to continually rationalise and rearrange its internal productive processes so as to relate them to the productive processes of the others. (Harman, 1969/70, p. 37)

Elsewhere, the same author writes that

... when Marx describes the mechanisms whereby different accumulations of alienated labour are compared with each other, he talks in terms of the mechanisms of the market. But in principle there is no reason why other mechanisms which relate independent acts of production to one another in an unplanned manner should not play the same role. Any process by which the organisation of production is continually being transformed through comparison with production taking place elsewhere in an unplanned fashion will have the same results. (Harman, 1971, pp. 183-4)

What Harman does, in effect, is to stand Marx's analysis of the capitalist mode of production on its head. He implies that it is competition which, by giving rise to the continuous rationalisation and adaptation of production units with respect to the level of productivity in other such units, confers their products with the character of commodities and effects the comparison of different quanta of social labour-time. It is, on the contrary, the nature of capitalist commodity production which entails competition and the continuous transformation of the labour-process in competing capitals, as a necessary effect of the manner in which the social character of labour asserts itself in this mode of production. Only in commodity exchange is 'the labour of private individuals who work independently of each other' recognised, *post festum* (Marx's phrase), as social labour. It is nonsense for Harman to argue that 'other mechanisms' could play the same role, since it is the very nature of the 'mechanisms' in question, that is, the market and the law of value, which (given the private ownership of the means of production) determines the dynamics of the capitalist mode of production. The substitution of 'other mechanisms' could only specify a different mode of production.

It is also necessary to repudiate the false analogy implicit in the attempt to conceptualise the Soviet economy as a single 'national capital', that is, as the equivalent of a single capitalist enterprise at the level of a social formation. There is, of course, no competition as

such within a capitalist enterprise. Capital does not flow from one sector to another in search of higher rates of profit, nor is the movement of components between sectors mediated by an internal commodity market; it is rather a flow of use values. This 'planned' character of the movement of resources within the enterprise does not, however, abolish capitalist anarchy in the economy as a whole. This anarchy, and the commodity character of the products of the enterprise, derive from the fact that these products are manufactured for sale on an external market. When, however, the economy as a whole is internally planned, it is in fact the external anarchy confronting the individual enterprise which is abolished. (See Mandel, 'Inconsistencies', pp. 15-16)

It can indeed be conceded that any workers' state, whatever the character of its political regime, would be obliged to relate its output – and not just in the sphere of arms production – to that of its capitalist rivals, in particular to avoid falling too far behind in its production of consumption goods, and thereby to minimise the adverse influence of the 'demonstration effect' on the perceptions of its population. An attempt to optimise industrial output cannot, however, be equated with capital accumulation. Cliff would seem to conflate the production of use values, which is common to all modes of production, with the production of exchange-values, which is peculiar to capitalist commodity production. Exchange-value, moreover, was for Marx the expression of a social relation of production, 'a purely social mode of existence of the commodity which has nothing to do with its corporeal reality'. (TSV, I, 167) Cliff thus appears to commit the same error for which Marx took Ricardo to task:

. . . Ricardo says here: wealth consists of *use-values* only. He transforms bourgeois production into mere production of use-values, a very pretty view of a mode of production which is dominated by *exchange-value*. He regards the specific form of bourgeois wealth as something merely formal which does not affect its content. (TSV, III, 54)

Peter Binns has provided a restatement and attempted clarification of Cliff's account. Like Cliff, he argues that it is 'not their own desires therefore, but the logic of world capitalism which forces the bureaucracy to accumulate', so that, in its capacity as the 'agent' for the accumulation of capital, it emerged as the 'collective capitalist'.

(Binns, 1975, p. 23) In support of this thesis, he cites Marx's comments on the slave economies of the Southern states of the U.S.:

Negro slavery—a purely industrial slavery—which is, besides, incompatible with the development of bourgeois society and disappears with it, *presupposes* wage labour, and if other, free states with wage labour did not exist alongside it, if, instead, the Negro states were isolated, then all social conditions there would immediately turn into pre-civilized forms. (PGR, p. 224)

Binns argues that by analogy, if the Soviet Union were unaffected by the world around it, it would effectively resemble those historical social formations dominated by the Asiatic mode of production (an untenable comparison, given the fundamental and specific characteristics of this mode of production).¹⁸ It must be concluded, he argues, that the capitalist character of the Soviet social formation is a function of military competition and arms production, in which, although the goods involved are never destined to be exchanged on a competitive market, 'those who plan production are still compelled to impose the laws of capitalism on it', with the result that 'the state bureaucracy acts as a *substitute* for the market'. (Binns, 1975, p. 24) It is surely the case, however, that for Marx, the 'laws of capitalism' impose themselves in a spontaneous and unconscious manner, 'behind the backs of the producers'.¹⁹

In a rather crude attempt to obviate the confusion between use values and exchange-values which characterises Cliff's account, Binns declares that

What matters to the rulers of Russia is not how many use values they pile up in the abstract, but how these use values compare with the use values piled up by the American arms economy.

But when two piles of use values are measured up against one another, they cease to be merely use values. They begin to behave like exchange values: their value no longer depends upon their intrinsic qualities, but upon their relationship to production throughout the world system. (Binns, 1975, p. 24)

Binns does not explain, however, precisely how the 'measurement' and 'change of behaviour' of use values is effected. Clearly, it could only be the consequence of the Soviet Union's reabsorption by the

world commodity market and the reconstituted dominance, within its economic level, of capitalist relations of production.

Binns, unlike Cliff (whose treatment of this theme is altogether inconclusive: see SCR, pp. 213-32), does attempt to define the nature of crisis in the state capitalist economy, emphasising, like Kidron, the supposed capacity of arms expenditure to retard the tendency of the rate of profit to fall:

Armaments are paid for out of the proportion of the national economy remaining after wages and wear and tear of fixed machinery have been deducted. So they compete with accumulation for funds, the more arms the less there is for accumulation. Armaments therefore reduce the amount accumulated, and thus *slow down* the rise in the organic composition of capital. This leads to the rate of profit declining *more slowly* than otherwise, and causing the crisis to be delayed further. (Binns, 1975, p. 25)

Even on its own terms, this is invalid. It is true that surplus-value used to purchase armaments is not accumulated surplus-value. Nevertheless, as Mandel has pointed out:

. . . surplus-value used to build arms factories and to produce weapons certainly is accumulated surplus-value. The purchase of weapons must after all have been preceded by the production of weapons as commodities. (Mandel, 1975a, p. 289)

VALUE AND SURPLUS-VALUE IN THE ECONOMY OF TRANSITION

Cliff locates the transformation of the U.S.S.R. from a workers' state into a state capitalist social formation in 1928, the year of the inauguration of the first Five-Year Plan:

The statistics at our disposal show conclusively that although the bureaucracy had a privileged position in the period preceding the Five-Year Plan, it can on no account be said that in the majority of cases it received surplus-value from the labour of others. It can just as conclusively be said that with the introduction of the Five-Year plans, the bureaucracy's income consisted to a large extent of surplus-value. (SCR, p. 81)

The production of surplus-value, as the basis of a specific mode of appropriation of surplus-labour, presupposes the existence of generalised commodity production (see above). It may be noted, however, that Marx did actually use the term surplus-value in the context of an economic regime which by no means included all of the elements and relations which specify the structure of the capitalist mode of production and its dominance in a social formation when he observed that:

. . . as soon as peoples whose production still moves within the lower forms of slave-labour, the *corvée*, etc. are drawn into a world market dominated by the capitalist mode of production, whereby the sale of their products for export develops into their principal interest, the civilized horrors of overwork are grafted onto the barbaric horrors of slavery, serfdom etc. Hence the Negro labour in the southern states of the American Union preserved a moderately patriarchal character as long as production was chiefly directed to the satisfaction of immediate local requirements. But in proportion as the export of cotton became of vital interest to those states, the over-working of the Negro, and sometimes the consumption of his life in seven years of labour, became a factor in a calculated and calculating system. It was no longer a question of obtaining from him a certain quantity of useful products, but rather of the production of surplus-value itself. The same is true of the *corvée*, in the Danubian principalities for instance. (CAP, I, 345)

Preobrazhensky, discussing this passage, referred to 'undeveloped, transitional forms of surplus-value, which are not completely characteristic of a developed capitalist mode of production' (NE, p. 185), while Marx himself elsewhere described negro slavery as 'a purely industrial slavery – which is, besides, incompatible with the development of bourgeois society and disappears with it' (PGR, p. 224), emphasising that it nevertheless presupposed wage labour, and thus the existence of adjacent free states with their economies constituted on this basis, as a condition of its own existence. It can perhaps best be apprehended as the production of absolute surplus-value on the basis of landed property, the capitalist being synonymous with the landlord.

If, as Lenin argued, the economic level of the Soviet social formation 'contains elements, particles, fragments of both capi-

talism and socialism' (Lenin, 'Mentality', p. 440), the presence within it of surplus-value, as a determinate form of existence of surplus-labour, would certainly seem possible, although it need by no means entail the dominance of the capitalist mode of production within that social formation. Thus, by way of analogy, it was necessarily the case that the reproduction cycle of capital could be completed within the feudal economy prior to the transformation which resulted in the emergence of capitalism as the dominant mode of production. An analysis of the Soviet economy is, however, necessary in order to establish definitively whether or not the appropriation of surplus-value takes place within it, and if so to determine its basis.

It is clear that commodity production has been superseded in the Soviet capital goods sector. Such goods are certainly not 'products of the labour of private individuals who work independently of each other'. Given the planned (albeit bureaucratically planned) nature of production in the capital goods sector of the Soviet economy, the enterprises within it maintain their activity independently of any financial (market) success, with investments being determined by the plan rather than by market forces. The increased emphasis, since the economic reforms of 1965, on the system of individual enterprise profitability, and of 'control by the rouble', has in no way altered this (although it has certainly exacerbated contradictions within the system: see Chapter 6). This continues to be the case because the enterprises cannot determine their prices, wage levels, sources of supply, or their buyers; nor even can they decide independently what it is they are to produce. All labour performed in these enterprises, even if it is supplied at a level of productivity below the social average, has an immediately social character. In capitalist commodity production, the use value of a product cannot be realised if its exchange-value is not realised. In contrast, there is nothing to prevent the state in the U.S.S.R. from making use of capital goods even if the initial cost of these goods was excessive, that is, if the labour-time expended in their manufacture was greater than the mean for that sphere of production. (See Mandel, 1972, p. 11)²⁰

The fact that there does exist a limited official market in capital goods, together with an unofficial market in both capital and consumer goods, in no way alters the non-commodity character of capital goods production as a whole. To the extent that a restricted sale of capital goods (means of production) for the use of private

individuals takes place on the *kolkhozy* and in the handicraft co-operatives,²¹ and to the extent that some capital goods find their way into 'parallel channels' (the 'black' or 'grey' market),²² thereby assuming the form of commodities in the sense that they may be subject to barter or sale, it is clear that those not so diverted – that is, the vast bulk of capital goods production – must have an altogether different socio-economic character, and that they cannot be commodities. The fact that both consumer and capital goods are, contrary to the dictates of central planning, hoarded and distributed on the black market, is made possible because production, distribution, and overall economic planning are not under constant democratic control by the mass of workers. It is, moreover, the inefficiency and partially 'dysfunctional' nature of the bureaucratic planning which does take place which itself gives rise to the unofficial market in scarce components and items of capital equipment which exists between Soviet enterprises, as well as to the more 'traditional' black market in consumption goods.

In the sense that they, too, are not the products of the independent labour of private individuals, consumer goods in the U.S.S.R. do not, like capital goods, have a commodity character. The nature and volume of both capital and consumer goods are alike determined – if imperfectly – by central planning. However, in contrast to the official distribution of capital goods, the distribution of consumption goods is not regulated by the plan. The latter are, in essence, produced for an indeterminate market and are subject to exchange against a universal equivalent (money). Labour performed in the enterprises which manufacture these goods is not directly social labour, and is only recognised as such *post festum*, through the mechanism of exchange (although not necessarily, since such goods can and do remain unsold). In this respect, therefore, consumer goods production is commodity production.²³

Given the continued existence of wage labour in the Soviet Union, it would seem that some, at least, of the elements of the structure of surplus-value production are present. The Left Opposition economist Preobrazhensky concluded in 1926 that although the form taken by surplus-labour in the Soviet economy was evolving from surplus-value to surplus-product, it could still be said that the appropriation of surplus-value took place insofar as

The proletariat may be subjected in some degree to exploitation by other classes, even though it is itself the ruler in the sphere of

large-scale production. Depending on the relation of class forces, on the weakness and immaturity of the new form of production and on the strength of commodity and commodity-capitalist economy, a relation of exploitation may occur which is not to be found in the usual frame-work of production and distribution relations between capitalist and worker in bourgeois society. And in that case, to the extent that this new type of exploitation exists, surplus value will also exist. (NE, pp. 189-90)

He actually identified three forms which this 'exploitation' could take, based respectively on a) that part of the income of specialists (*spetsy*) which exceeded the wages of highly skilled workers; b) merchant's profit; and c) the interest paid on internal loans from the *kulaks* and *nepmany* - men, together with similar repayments on foreign loans.

The second and third of these can perhaps be seen as analogous to the appropriation of surplus-value which undoubtedly took place before the rise of industrial capitalism, as a function of mercantilism and of usury, as forms of 'unequal exchange' (the substitution of M-C-M for the formula of simple commodity exchange C-M-C).²⁴ Neither can be said to exist in the contemporary Soviet economy. The first instance of 'exploitation' which Preobrazhensky cites is altogether more problematic. Its specific basis is, clearly, the necessity to retain a system of material incentives and income differentials ('bourgeois norms') which would confront any workers' state. In the decade after Preobrazhensky wrote, the bureaucratisation of Soviet society and the vast expansion of income differentials and associated material privileges led to a hypertrophy of this 'rational core'. However, to the extent that it might be argued that some part of the income of the bureaucracy has the form of surplus-value, it cannot be said to result from a determinate mode of appropriation of surplus-labour, that is, from capitalist relations of production (as was true also of that surplus-value appropriated in usury and mercantilism). It does not entail the private ownership of the means of production and the accumulation of surplus-value as capital. The accumulation of capital equipment (means of production) in the U.S.S.R., as has already been emphasised, is the accumulation of use values rather than of exchange-values and of surplus-value.

It must be borne in mind, moreover, that the socialist mode of production, like all others, is characterised by a specific mode of

appropriation of surplus-labour. What changes in the course of the transition from capitalism to socialism is the form, but not the underlying content of this appropriation (as, in a parallel and related instance, the law of value is one historical form of the proportionate distribution of labour-time). Thus Marx stated, in the third volume of *Capital*, that:

. . . if wages are reduced to their general basis, namely, to that portion of the product of the producers' own labour which passes over into the individual consumption of the labourer; if we relieve this portion of its capitalist limitations and extend it to that volume of consumption which is permitted, on the one hand, by the existing productivity of society (that is, the social production of his own individual labour as actually social), and which, on the other hand, the full development of the individuality requires; if furthermore, we reduce the surplus-labour and surplus-product to that measure which is required under prevailing conditions of production of society, on the one side to create an insurance and reserve fund, and on the other to constantly expand reproduction to the extent dictated by social needs; finally, if we include in No. 1 the necessary labour, and in No. 2 the surplus-labour, the quantity of labour which must always be performed by the able-bodied in behalf of the immature or incapacitated members of society, i.e., if we strip both wages and surplus-value, both necessary and surplus-labour, of their specifically capitalist character, then certainly there remain not these forms, but merely their rudiments, which are common to all social modes of production. (CAP, III, 854)

It might be concluded from this, however, that it is actually a mistake, following Preobrazhensky's views on the *spetsy*, to regard the bureaucracy's income, or at least the 'excessive' portion of it, as being derived from surplus-labour (whether in the form of surplus-value or surplus-product). It is undeniable that some part of the social surplus product is misappropriated by the bureaucracy, whose overall administration of it is in any case subordinated to the maximisation of its own private consumption interests. It is surely the case, however, that bureaucratic 'exploitation' consists essentially in the maintenance of an unequal distribution of that part of the *social product* other than the *social surplus product*, it being the bureaucracy's disposition of the latter (including the 'accumulation

fund') which enables it to absorb a disproportionate share of the former.²⁵

The survival of commodity exchange and market categories in the Soviet Union, as a social formation transitional between capitalism and socialism, has, at least among those commentators writing in the Trotskyist tradition, been generally regarded as being

. . . primarily due to the inadequate development of the productive forces, which does not permit a physical distribution of all the goods produced according to the amount of labour furnished by each producer. The inadequate supply of use values keeps exchange value alive, inasmuch as it forces every producer to retain the private ownership of his labour-power and exchange it for a wage which constitutes a certificate for the appropriation of a strictly limited but *undifferentiated fraction* of the whole of the mass of goods and services produced by society. (Mandel, 1971a, p. 279)

Ticktin, however, while acknowledging the existence of overproduction and unsaleability, attributed by Mandel to the non-realisation of the exchange-value of some consumer goods, has located the source of these phenomena elsewhere, denying the reality of commodity exchange:

The overproduction that exists in the U.S.S.R. does not take the form of overcoming scarcity but in most cases it is due to quality defects or shortage of complementary parts, etc. In other words it is not due to the law of value in its usually understood sense and hence the contradiction is not between use-value and exchange-value. (Ticktin, 1976, p. 25)

He maintains, rather, that 'the law of value is not applicable in the sphere of consumption' and that money 'serves a subsidiary lubricating role to purchase odd items of consumer durables, when available, but in effect, it operates as part of an overall rationing system'. (Ticktin 1976, p. 34). Concomitantly, he rejects the view that labour-power is a commodity in the Soviet economy, which he sees as being 'administered' rather than planned. The hierarchical structure of the economy, the incentive system, and labour controls, he argues, represent the 'result of a market – without its structure',

and are the inevitable consequences of a regime which is 'necessarily unstable, inefficient and wasteful'. (Ticktin, 1976, p. 29)

In effect, Ticktin rejects the 'orthodox' view, as expressed by Mandel, that the relations of production peculiar to the Soviet social formation are those of 'a hybrid combination of essentially non-capitalist economic planning and the elements of commodity production . . . which arise from the basically still bourgeois distribution relations'. (Mandel, 1974a, p. 10) He maintains that

There can come into existence in epochs of transition unstable combinations of forms deriving from capitalism, and attempts to overcome it. They are not simply bits of one formation and bits of another but new forms altogether which are like unstable chemical compounds which may decay into their component parts but are not themselves the component parts and have few properties in common. (Ticktin, 1976, p. 28)²⁶

Ticktin is certainly right in pointing out that the unsaleability of consumer goods is often due to intrinsic defects or their unsuitability for their intended purpose. Restricted access to many consumption goods, associated with bureaucratic privilege, is also a signal feature of the Soviet economy. There is, however, no reason to believe that these phenomena are anything other than superimposed on what is in essence a system of commodity exchange (labour-power for consumption goods). It cannot be said that the Soviet consumer goods sector is characterised by direct social production and direct distribution which, Engels emphasised in *Anti-Dühring*, excludes all exchange of commodities. In the transition period, distribution must remain indirect as long as the shortage of use values in the sphere of consumption maintains the existence of commodity production and exchange-value. As Engels observed, it is inevitably the case that

The development of each new mode of production or form of exchange is at first retarded not only by the old forms and the political institutions which correspond to these, but also by the old mode of distribution; it can only secure the distribution which is essential to it in the course of a long struggle. (AD, p. 169)²⁷

Marx, in the *Critique of the Gotha Programme*, envisioned two successive modes of distribution during the transition. In the first

phase of communist society, distribution would be effected according to the amount of work done by each individual, through the medium of labour-time certificates:

Accordingly, the individual producer receives back from society – after the deductions have been made – exactly what he gives to it. What he has given to it is his individual quantum of labour. For example, the social working day consists of the sum of the individual hours of work; the individual labour time of the individual producer is the part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labour (after deducting his labour for the common funds), and with this certificate he draws from the social stock of means of consumption as much as costs the same amount of labour. The same amount of labour which he has given to society in one form he receives back in another. (GP, p. 319)²⁸

In the higher phase of communist society, he maintained, the distribution of consumption goods would take place simply according to need.²⁹

Both Marx and Engels clearly believed that commodity production would disappear even in the first phase of communist society. Thus, Marx wrote that

Within the co-operative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labour employed on the products appear here as the value of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labour no longer exists in an indirect fashion but directly as a component part of the total labour. (GP, p. 319. See also AD, pp. 345–6)

It is however at least questionable whether, even in the most advanced capitalist countries, commodity production could be immediately eliminated after the collectivisation of the means of production, and Marx's schema for the introduction of labour-time vouchers would surely be non-viable. As Mandel has observed, it is clear that the retention of money as a medium of circulation would constitute a more satisfactory, if not essential, distributional procedure:

Eliminating the commodity character of consumer goods would mean a replacement of [the] wage by precisely *limited physical rations*. This would inevitably lead to a revival of exchange (first of the products themselves then of the ration vouchers), because they would not fully cover the needs and because these needs differ in intensity for different individuals. In these conditions, maintaining the monetary standard permits the use of a tool of accounting and distribution which is at once more flexible, more equitable, and more inclined to respect autonomous decisions by the workers in the field of consumption. (Mandel, 1971a, p. 279)

Marx, indeed, stated that

. . . just as it is impossible to suspend the complications and contradictions which arise from the existence of money alongside the particular commodities merely by altering the form of money (although difficulties characteristic of a lower form of money may be avoided by moving to a higher form), so also it is impossible to abolish money itself as long as exchange value remains the social form of products. (PGR, p. 145)

The Soviet experience during the period of War Communism, during which Lenin and other Bolshevik leaders came for a time to equate the centralised direction of the economy and the direct appropriation of surplus-product from the countryside and the suppression of monetary categories (all of which took place within the context of a general goods famine), with Marx's conception of communist society, was itself a striking illustration of this thesis.³⁰ It is clear that, in the words of Mandel, 'abolishing money economy and market economy . . . abolishes only the barometer, not the frost itself'. (Mandel, 1968, p. 633)

Buick has questioned the basis for Mandel's revision of the conceptualisation, by Marx and Engels, of the establishment of the collective ownership of the means of production as the abolition of commodity exchange. (Buick, 1975, pp. 66-7) There is, however, nothing to preclude the retention of money as a medium of circulation during the transition period, in order to obtain use values, since it is clear that within such a relation 'The difference between previous, objectified labour and living, present labour here appears as a merely formal difference between the different tenses of labour, at one time in the perfect and at another in the present'.

(PGR, pp. 465–6) The essential point is that ‘Exchange of *money as revenue*, as a mere medium of circulation, for living labour, can never posit money as capital, nor, therefore, labour as wage labour in the economic sense’. (PGR, p. 467) It cannot, therefore, form the basis for an exploitative relationship in the capitalist sense.

Trotsky, in *The Revolution Betrayed*, rejected any suggestion that money could be arbitrarily abolished during the transition period. It had, like the state, to ‘exhaust [its] historic mission, evaporate, and fall away’, becoming, in the first place, ‘mere bookkeeping receipts for the convenience of statisticians and for planning purposes’. (RB, pp. 65 and 66 respectively) He concluded that

The nationalization of the means of production and credit, the co-operativizing or state-ising of internal trade, the monopoly of foreign trade, the collectivization of agriculture, the law on inheritance – set strict limits upon the personal accumulation of money and hinder its conversion into private capital (usurious, commercial and industrial). These functions of money, however, bound up as they are with exploitation, are not liquidated at the beginning of a proletarian revolution, but in a modified form are transferred to the state, the universal merchant, creditor and industrialist. At the same time the more elementary functions of money, as *measure of value*, *means of exchange* and *medium of payment*, are not only preserved, but acquire a broader field of action than they had under capitalism. (RB, p. 66)

In fact, Trotsky envisaged an extreme extension of commodity production during the transition, although he associated this with the disappearance of the very large natural economy sector in the Russian countryside. This would not, of course, apply to the advanced capitalist countries of today, or indeed to the Soviet social formation itself, since it is clear that the basis already exists there for the beginning, at least, of the ‘withering away’ of market categories. The economist Preobrazhensky also denied that it was necessary for the state ‘to drive money out of circulation or artificially to restrict the sphere of calculations in money’, arguing that it could be expected that non-monetary calculations would progressively supplant monetary calculations ‘in a natural way’.³¹

Charles Bettelheim, in his *The Transition to Socialist Economy*

(which comprises a collection of essays written at various times during the 1960s), has stated that

... the root of the retention of commodity production and commodity categories is the absence of a social-economic centre effectively capable of disposing of all the products, and strictly regulating production in relation to the needs of society. (Bettelheim, 1975, p. 41)

Following Stalin,³² he considers that 'the absence of this centre is connected, in the first instance, with the existence of several forms of property', although he emphasises that

... beyond this diversity of forms of property (and underlying it), it is the present level of development of the productive forces, which is still inadequate, that prevents a social-economic centre from being able effectively to dispose, consciously, of all the products, and really to regulate production according to the needs of society. (Bettelheim, 1975, p. 41)

It is, Bettelheim maintains, the lack of correspondence between the form and content of state property, of juridical with actual socialisation, which determines the retention of commodity categories, the endowment of the enterprises with a certain degree of autonomy, the prevalence of financial accounting in the state sector, and related phenomena. It follows from this analysis that

... in proportion as the development of the productive forces leads to an effective integration of the production-processes, an organic co-ordination of these processes, which increasingly become a single process, the field of commodity relations shrinks, and the sphere of activity of the commodity categories withers away. (Bettelheim, 1975, p. 134)

The fundamental contradiction of the transition period between capitalism and socialism is, he concludes, 'that which contrasts an advanced form of appropriation (made necessary by the development of the productive forces on a world scale) with the low level of these forces locally'. (Bettelheim, 1975, p. 152)

The thesis that economic reality in the U.S.S.R. does not correspond to the juridical forms of state ownership is by no means

peculiar to Bettelheim. The Soviet economist V. P. Shkredov argued in 1967 that Soviet planning was 'excessive' precisely because real socialisation did not yet coincide with its juridical expression. (See Lewin, 1974, pp. 199-213) Clearly, however, this correspondence will never be complete until the transition period, understood not merely on a national but on a world scale, is itself brought to a conclusion. The real point is rather that, to the extent that state ownership of the means of production serves to mask the concentration of bureaucratic power and privilege and the proletariat's institutional exclusion from the administration of its own state, the contradictions and social antagonisms arising from this lack of correspondence will continue to be reproduced in a hypertrophied form.

Bettelheim's reference to 'the absence of a social-economic centre effectively capable of disposing of all the products' would, moreover, seem to contradict Marx's conception of the transition, which implies that

... far from increasing, the state's direct control over all products is doomed to decrease in proportion as the development of the productive forces makes possible a gradual approach to abundance and the withering away of commodity production. (Mandel, 1968, p. 566)

It is true that the transcending of the individual character of labour is correlated with a determinate phase in the development of the forces of production and that, because of an intrinsically low level of technological development, very small production units cannot be socialised effectively. No such socialisation can indeed be justified if the available technology does not facilitate a higher productivity than was possible under private enterprise.³³ It is nevertheless the case that, in large-scale capitalist industry, the extent of *de facto* socialisation, which Marx and Engels located in the contradiction between the forces and the relations of production, has long since developed sufficiently to facilitate effective control by 'an association of free men, working with the means of production held in common' (see Chapter 1).

In a more recent work, Bettelheim has put forward a rather different interpretation of the persistence of commodity relations in the transition period, particularly with reference to certain fundamental differences which he perceives between the U.S.S.R. and

the People's Republic of China, on the basis of which he has now come to characterise the former as a state capitalist social formation. The survival of commodity relations, he considers, is inextricably bound up with the continued existence of enterprises, as a socio-economic form peculiar to the capitalist mode of production, and whose determinate characteristics are such as to reproduce these relations. (See Bettelheim, 1976; and Chapter 6) In the same work, Bettelheim has argued that, although the persistence of the universal equivalent, and of monetary calculation, may be inevitable during the transition period, such calculation cannot be equated with real 'economic calculation', since it can only provide indirect and limited indications of the social utility or, in Engels' phrase, 'the useful effects', of products and of policy decisions in the sphere of production. Bettelheim's thesis, as presented by Hindess, is that

Monetary calculation cannot produce a scientific knowledge of the economy since it starts from a multiplicity of monetary magnitudes that are either given (the prices of commodities) or else assigned more or less arbitrarily to represent social costs and subjects them to various statistical operations. Commodity prices are the product of specific economic conditions and mechanisms whose operation, whether modified by political interventions or not, bears no relation to the scientific determination of economic measurement. Since, in monetary calculation, the given magnitudes do not measure either economic costs (in terms of labour-time) or socially useful effects but are the products of specific economic, political and ideological practices, the most sophisticated statistical manipulation of those magnitudes cannot provide a scientific knowledge of the economy. This result is of the greatest importance for the analysis of 'planning' in transitional social formations. To the extent that the plan is elaborated on the basis of monetary calculation it fails to be based on a scientific knowledge of the economy. To that extent, then, it cannot be based on a knowledge of the socially useful effects of the planned production. . . . To the extent that 'planning' takes place on the basis of monetary calculation socialist relations of production fail to predominate over commodity relations. (Hindess, 1976, pp. 4-5)

Bettelheim acknowledges, however, that monetary calculation

can function as 'indirect economic calculation' when prices are themselves the result of economic calculation resting on planned relations of production. It is in fact clear that the 'prices' of capital goods (means of production) in the Soviet Union are essentially administrative prices, serving, if imperfectly, to channel investment by state enterprises in particular directions. In no sense are they derived from the spontaneous operation of market forces and the effects of supply and demand. To the extent that economic accounting in Soviet industry is made in scientifically-established production costs rather than in sale prices, and that these costs do not automatically guide the direction of investment decisions, it is indeed real economic calculation. The effectiveness of this calculation, as Mandel points out, must depend on the extent to which production costs so derived 'are integrated in an overall scheme of economic relations where no element is omitted', which necessitates taking into account such costs as those of the maintenance and expansion of the infrastructure (roads, railways, ports, etc.) and the social costs involved in the regional transfer of manpower, all of which, in the major capitalist countries, are borne by the state ('the socialisation of costs'). (Mandel, 1971a, p. 282) Were it really the case that planning in the U.S.S.R. is 'elaborated on the basis of monetary calculation', in the sense that supply and demand determine the prices of capital goods as well as (which is now the case to a large extent) consumer goods, this would be tantamount to the dissolution of the planned economy.³⁴ What matters, therefore, is not the *form* of the planning indicators employed, but the basic economic criteria and corresponding data inputs from which they are derived, and the framework in which they are, in consequence, operationalised.

THE FIRST FIVE-YEAR PLAN AND THE LAW OF PRIMITIVE SOCIALIST ACCUMULATION.

For Tony Cliff, the central dynamic of the Soviet economy is, in essence, identical with that of any contemporary capitalist economy. The inauguration of the first Five-Year Plan, he considers, marked the emergence of this dynamic:

It was now, for the first time, that the bureaucracy sought to create a proletariat and to accumulate capital rapidly. In other

words, it was now that the bureaucracy sought to realise the historical mission of the bourgeoisie as quickly as possible. A quick accumulation of capital on the basis of a low level of production, of a small national income *per capita*, must be a burdensome pressure on the consumption of the masses, on their standard of living. Under such conditions, the bureaucracy, transformed into a personification of capital, for whom the accumulation of capital is the be-all and end-all here, must rid itself of all remnants of workers' control, must substitute conviction in the labour process by coercion, must atomise the working class, must force all social-political life into a totalitarian mould. (SCR, p. 153)

Harman has taken up this theme, describing how the 'pressures of world capitalism' led to a rapid and thoroughgoing transformation of the system of agriculture (forced collectivisation) and to corresponding changes in Soviet industry, as represented by massive wage reductions, the introduction of piecework, the abolition of basic workers' rights and the suppression of individual initiative, the total subordination of the trade unions to the state, and the enormous expansion of the labour camp system. (Harman 1969/70, p. 38)

It must be recognised, however, that some of the changes to which Harman refers, such as the introduction of piecework, date from before the start of the first Five-Year Plan, and it is certainly arbitrary to assign dates to such occurrences as 'the liquidation of the last vestiges of elementary workers' rights'.³⁵ The distinction which he draws between 'growth' before 1928 and 'the urge to accumulate' after this date is equally arbitrary. What actually took place was rather a marked acceleration of industrial growth (urged for some years previously by the Opposition – although not in the form in which it was actually carried out), which had up till then been insufficient to initiate the fundamental restructuring of the Soviet economy and to close the 'price scissors'.³⁶ The epochal and – for the mass of Soviet workers and peasants – draconian nature of the super-industrialisation initiated in 1928–9 and its sequel in the forced collectivisation of agriculture a year later was at least partially a function of the delay in the implementation of a programme of systematic industrial development.³⁷ While it entailed the coercive restriction of the consumption of the mass of the population (the main instrument of which was to be the 'turnover

tax', which was added to the prices of agricultural products and manufactured goods in order to levy resources for accumulation), there is nothing intrinsically capitalist about such a process. Moreover, as Mandel has observed

. . . unless there is a large-scale contribution from outside, no accelerated accumulation can be carried out otherwise than by an increase in the social surplus product not consumed by the producers, whatever the form of society in which this happens. (Mandel, 1968, p. 561)

What is clear, however, is that, although the manner in which it was effected must certainly be deplored, such growth was necessary precisely in order to prevent the reabsorption of the Soviet economy by the world market and the reconstitution within it of capitalist social relations of production. It is surely pertinent to ask why, if the U.S.S.R. is in any sense capitalist and governed by world market forces and the law of value, it did not, like other underdeveloped nations, succumb to the superior productivity of the advanced sectors of the international capitalist economy and either fail to industrialise or succeed in doing so only in a dependent capacity.

It is, in any case, impossible to understand how (as Cliff and Harman suggest) the mere sacrifice of consumption to accumulation can determine the character of a social formation. The necessity to subtract a portion of the social product from immediate consumption in order to 'invest' for the expansion of production will doubtless persist long after the nationalisation of the means of production even in the most advanced capitalist countries. (See CAP, III, 854) Indeed, it is apparent that

In economic formations of society of the most diverse kinds, there occurs not only simple reproduction but also, though in varying degrees, reproduction on an increasing scale. Progressively more is produced and consumed, and therefore more products have to be converted into means of production. However, this process does not appear as an accumulation of capital, and consequently it does not appear as the function of a capitalist, as long as the worker's means of production, and with them his product and means of subsistence, do not confront him in the shape of capital. (CAP, I, 745-6)

It is, moreover, invalid to argue that no substantial increase in growth-rate in a social formation such as the U.S.S.R. was possible except by depressing the standard of living of the mass of its population. Of course, had socialist revolution succeeded in Germany, and perhaps in other European countries, in the first quarter of this century, the transitional process in the Soviet Union would have assumed altogether different dimensions. The argument of Cliff and Harman amounts to the assertion that, in the absence of such external salvation, the industrialisation of the U.S.S.R. could only take the form it did. It is, in effect, a justification of Stalinism and its consequences, which of course they both profess to deplore. Even in the Soviet context, the simultaneous increase of both accumulation and necessary consumption could have been facilitated by the reduction of unproductive consumption, which, during the 1930s, expanded almost unchecked. This would have meant a lower rate of investment and a higher productivity of labour as a result of higher real wages.

Two years before the inauguration of the first Five-Year Plan, Preobrazhensky, in *The New Economics*, had characterised the Soviet economy as being governed by two economic laws, acting in opposition to each other: the law of value, as 'the law of spontaneous equilibrium of commodity-capitalist society', and the 'law of primitive socialist accumulation', defined by Preobrazhensky as

. . . the entire sum of conscious and semi-spontaneous tendencies in the state economy which are directed towards the expansion and consolidation of the collective organization of labour in Soviet economy and which are dictated to the Soviet state on the basis of necessity . . . (NE, p. 146)

By 'primitive socialist accumulation',³⁸ Preobrazhensky meant a phase, comparable in some respects to that represented in the development of capitalism by the industrial revolution, during which the workers' state would massively expand its industry, very largely through the 'exploitation' of the peasantry, that is, the transfer of surplus-value from the agricultural sector to Soviet industry through what was in effect a system of 'unequal exchange' of manufactured goods for agricultural products. He ruled out, however, the depression of the real wages of the working class and the restriction of its consumption to subsistence levels which had characterised the phase of 'primitive accumulation' which marked

the initial expansion of the capitalist mode of production (although the essential content of 'primitive accumulation' was, for Marx, the creation of a proletariat separated from the means of production and subsistence and compelled to sell its labour-power, and hence the expanded reproduction of the *capital relation*, rather than the accumulation of plant and industrial capacity). In Preobrazhensky's usage, primitive socialist accumulation implied the conscious control of the economy of the workers' state, the extent of this control growing with, and contributing to, the progress of socialist construction. Preobrazhensky argued that

The struggle here takes place between the law of value and the planning principle. But at the given stage, that is, at the initial stage of struggle between the planning principle and the market, under conditions of poverty in capital and of technical and economic weakness of the state economy, *this struggle inevitably assumes the form of struggle between the law of primitive socialist accumulation and the law of value*. The law of this accumulation is only the first stage, the childhood of the planning principle. (NE, pp. 263-4)

For Preobrazhensky, the advance towards socialism thus involved the progressive substitution of the principle of planning for the mechanisms of the market and the law of value.³⁹ In fact, the law of value, along with commodity production, cannot be abolished all at once (see above), and it

. . . continues to govern in large part – but not completely or automatically – small commodity production in agriculture and the crafts. It continues thereby to *influence* – but not to govern exclusively – exchanges between the public and private sector. It influences likewise the allocation of total resources devoted to the production of consumer goods among the various branches producing directly for the "ultimate consumer".

In this sense, but in this sense only, it may be said that the plan can "utilize" the "law of value" (more exactly, the market mechanisms) to facilitate a more rapid and precise adaptation of the supply of consumer goods to demand, which would take account of the elasticity of this demand both in respect of incomes (and their structure) and to prices (which the plan may have the ability to modify). (Mandel, 1971a, pp. 283-4)

As Mandel points out in the same work, market mechanisms are not the only, nor by any means the most effective, means which the plan can make use of to attain its objectives in respect of the production of consumption goods. It can employ various kinds of mathematical calculations, such as those based on the techniques of linear programming and operational research, pioneered by the Soviet mathematician Kantorovich, which have as their aim the rational fixing of consumer goods prices. (See Mandel, 1968, pp. 726–9) Of at least equal, and arguably potentially far greater efficacy is the direct consultation of the consumers, by means of opinion surveys and – better still – rank-and-file discussion in the workplace and in the community. The effectiveness of such methods would, however, only begin to be realised in the context of a genuine socialist democracy. This is, of course, signally lacking in the Soviet Union. The reliance on mathematical techniques, with the intent of creating a self-regulating system of automatic response, avoiding the excesses of bureaucratic planning while simultaneously continuing to deprive the mass of the producers of the power of decision and creative initiative, remains the only real option for Soviet planners as long as the bureaucracy's monopoly of administration survives.

Some commentators have contested the view that the antagonism between planning and the market is the characteristic and fundamental feature of the transition period between capitalism and socialism. Two such are Charles Bettelheim and Paul Sweezy, who have argued that this contradiction is necessarily subordinate to the overall socio-political and ideological dynamic of the transition, that is, to the class struggle (see Chapter 6). J-L. Dallemagne, following Bukharin, has maintained that there is in fact no intrinsic contradiction between the law of value and the principle of socialist planning, since the real content of the former is actually synonymous with the latter, this being the necessity, common to all social formations, to distribute labour proportionately between different functions. The law of value is, in essence, merely one mode of achieving this proportionality.

According to Bukharin, there were not simply, as Preobrazhensky had claimed, two economic regulators operational in the Soviet economy. It was rather the case that the sphere of simple commodity production was governed by the law of value, the private entrepreneurial capitalist sector by the 'law' of production price,⁴⁰ and the state sector by the general and underlying law of the proportionate distribution of labour-time. The first and second were

essentially forms or modes of expression of the third. It could be concluded from this that

. . . economic proportionality is not established in opposition to the law of value, but consciously on the basis of the law of value as it dies away. This dying away is due to the fact that the law of value does not come into play in the period of transition in the same way as in pre-capitalist and capitalist commodity economies, inasmuch as the state consciously substitutes expenditure of social labour time for the unconscious transformation of private labour into social labour, without yet being able to abolish the separation between concrete and abstract labour. Whence the problem of measurement, which continues to exist in the transition. (Dallemagne, 1975, p. 47)

Preobrazhensky did, however, refer explicitly to the law of value as 'the historically-transient form assumed in exchange society by the regulation of the economy by labour-time'. (NE, p. 70) On the face of it, therefore, it would seem that any differences between Bukharin's position (and therefore also that of Dallemagne) and his own are very largely, if not entirely, of a merely terminological nature, as Preobrazhensky himself explained:

The question whether it would be correct to speak in this connection about two regulators or about two different forms in which one and the same regulator manifests itself is an important question for supporters of the naturalistic conception of the law of value, but not for supporters of the view that the law of value is the regulator of commodity production and disappears along with it. After all, the law of proportionality of labour-expenditure can manifest itself under commodity production *only* as the law of value, that is, as a law whose historical form of manifestation is *merged* with its sociological basis, that is, with regulation on the basis of labour-expenditure. It is only because of this merging that the law of value reproduces precisely the relations of commodity economy, and it is only with the existence and development of these relations that it can function as regulator. Contrariwise, the disappearance and dissolution of the production-relations of commodity economy dissolve the very basis of the existence and manifestation of the law of value as regulator. (NE, p. 21)

Ticktin has also rejected the thesis that the antagonism between the market and the plan is the central feature of the Soviet economy, although he does not, apparently, generalise the applicability of this contention to the transition period *per se*. He argues that the determinant dynamic of the Soviet economy 'is compounded of several conflicting laws or tendencies reflecting the social groups in the society', pointing out that, in the absence of conscious democratic control of the economy by the mass of workers, there is generated a conflict of interests which results both in the incomplete and largely ineffective implementation of planning instructions and, concomitantly, in a lack of adequate and reliable information upon which planning can be based in the first instance. It is this which determines what he regards as being the dominant characteristic of the Soviet economy, that is, its enormous wastefulness. Because it is not and cannot be centrally planned, Ticktin maintains, it is more correct to speak of this economy as being 'organised' or 'administered', so that 'Instead of a law of planning we can talk of a law of organisation which expresses the requirement of the elite that their occupations and privileges be maintained through the functioning of the economy'. (Ticktin, 1973, p. 34) He concludes, therefore, that it is

. . . more useful and correct to regard the U.S.S.R. as a society which historically overthrew capitalism but had its own dictatorship of the proletariat removed. The result is the existence of remnants of both formations. The effect has been to create an economic system of its own type but also lacking the fundamental drives of both formations. It has therefore a higher level of contradiction than in any other socio-economic formation. (Ticktin, 1973, p. 38)

As has already been noted, however, there is no essential divergence between Ticktin's appreciation of the nature of the Soviet social formation and that articulated by Mandel, which is itself based on the analyses of Trotsky and Preobrazhensky (see Chapter 3, and see also Mandel, 1974b *passim*).⁴¹ The only possible basis for any concrete and substantive difference would seem to lie in Ticktin's identification of the principal feature of the Soviet economy as being that of waste. This must, however, as Mandel has noted, be regarded as a conceptual aberration if it is held to be rigorously applicable to a social formation which was transformed

from a state of underdevelopment (compounded by the devastation wrought by war and civil war) into the world's second industrial power within the space of a generation.

It can justifiably be concluded that Preobrazhensky's conception of the dynamics of the Soviet economy, as developed by Mandel, has a far greater coherence than the state capitalist analysis elaborated by Cliff, Binns, and Harman. In terms of their methodology, it is apparent that the latter

. . . reduce Marxism from an enquiry which pretends to illuminate the 'laws of motion' of particular modes of production, to a more or less empirical defining of 'factors'. . . the essence of Marxist methodology . . . is the refusal to generalize according to a series of empirically conceived 'factors' or 'features', but a recognition that all concepts and theoretical constructs are mere abstractions from a complex whole. (Grogan, 1971, p. 30)⁴²

6 Contemporary State Capitalist and 'New Class' Analyses of the Soviet Social Formation

BETTELHEIM AND THE SOVIET 'STATE BOURGEOISIE'.

Considered in terms of its practical consequences, the most significant contemporary variant of the thesis that the regime in the U.S.S.R. constitutes a form of state capitalism is that propounded by the Chinese Communist Party. According to the C.C.P., the accession to power in the C.P.S.U. of Khrushchev and his political associates represented the restoration of capitalism, a process whose completion it regards as having been marked by the events of the Twentieth Congress of the Russian Party in 1956. The Chinese have not, however, elaborated any theoretical basis for this assertion. Thus, for example, in a special edition of *Peking Review*, commemorating the centenary of the birth of Lenin, it is simply stated that the liquidation of the dictatorship of the proletariat

... was mainly a product of the class struggle in the Soviet Union, the result of the usurpation of Party and governmental leadership by a handful of Party persons in power taking the capitalist road there, in other words, the result of the usurpation of the political power of the proletariat by the Soviet bourgeoisie.¹

It has, in fact, fallen to Western advocates of the Chinese view to provide the analysis which they themselves have so far been either unwilling or unable to provide. The major contribution in this direction has been that of the French economist Charles Bettelheim, particularly as set out in a series of works which appeared in the early 1970s.² The focus of Bettelheim's attack on the 'orthodox'

conceptions of the transition period, including that of Trotsky, has been on what he regards as their 'economism'. This is characteristically expressed, he considers, in three principal conceptual errors:

1. The view 'which makes a mechanistic identification of legal forms of ownership with class relations, particularly where the transition to socialism is concerned'. It must rather be recognised, Bettelheim emphasises, that

Nationalization of the means of production by a proletarian state results first and foremost in the creation of *politico-juridical conditions favourable to the socialist transformation of production relations* and to the *socialization of the means of production* but *it is not to be identified with this transformation*. (Bettelheim, 1977, p. 136)

This thesis is already apparent in the distinction which he makes between real and juridical socialisation in his earlier work *The Transition to Socialist Economy* (see Chapter 5).

2. A belief in the primacy of the development of the forces of production in the socialist transformation of the post-capitalist social formation ('the problematic of the productive forces'), most explicitly elaborated in (but by no means confined to) Stalin's *Dialectical and Historical Materialism*. (Stalin, 1973, pp. 300-33) Bettelheim argues that on the contrary,

China's example shows that it is not necessary (and, indeed, that it is dangerous) to aspire to build *first of all* the material foundations of socialist society, putting off *till later* the transformation of social relations, which will thus be brought into conformity with more highly developed productive forces. China's example shows that socialist transformation of the superstructure must *accompany* the development of the productive forces³ and that this transformation is a condition for truly socialist economic development. (Bettelheim, 1977, p. 42)

3. The thesis that, with the expropriation of the bourgeoisie, the state apparatus necessarily becomes the incarnation of the dictatorship of the proletariat. It is, however, a mistake to assume that a repressive state apparatus can arise only on the basis of class antagonisms, the strengthening of such an apparatus being a symptom of deepening inter-class rivalry; a repressive state can, on the contrary, arise on the basis of political differentiation within a

post-capitalist social formation, becoming, in certain conditions, the agent of 'state capitalism'.

It follows from this appraisal that the existence of a planned economy, founded on the nationalisation of the means of production, is not coincident with proletarian power, nor is the predominance of planning over market relations necessarily an index of the progress of socialist construction. It is rather the case, Bettelheim maintains, that

Fundamentally, the advance toward socialism is nothing other than the increasing domination by the immediate producers over their conditions of existence and therefore, in the first instance, over their means of production and their products. This domination can only be collective, and what is called an "economic plan" is one of the means of this domination, but only in politically determined conditions, for want of which the "plan" is only a particular method used by a dominant class, distinct from the immediate producers living off the product of their own work, in order to assure its own domination over the means of production and over the currently obtained products. (TS, p. 35)

The domination of the producers over their means of production and their products depends, he argues, on the suppression of the conditions of existence and reproduction of capitalist social relations. Pending the completion of this process, this domination can only be guaranteed by the state power, although this still implies the separation of the workers from their means of production:

In effect, during the transitional period, the state (or a political form fulfilling the same functions in this respect) is the support for "social" property. This means that this property is not social, since it is exercised by the state "in the name of society". Thus, even at the level of property, the immediate producers are separated from their means of production: they are only "proprietors" though the intermediary of the state. (Bettelheim, 1976, p. 98)⁴

Such an insight is hardly original, and is indeed implicit in Marx's and Engels' treatment of the transition to socialism. In *The Revolution Betrayed*, Trotsky emphasised that:

In order to become social, private property must as inevitably pass through the state stage as the caterpillar in order to become a butterfly must pass through the pupal stage. But the pupa is not a butterfly. Myriads of pupae perish without ever becoming butterflies. State property becomes the property of "the whole people" only to the extent that social privilege and differentiation disappear, and therewith the necessity of the state. In other words: state property is converted into socialist property in proportion as it ceases to be state property. (RB, p. 237)

The essential point, in Bettelheim's view, is nevertheless that

The real significance of state property depends on the real relations existing between the mass of the workers and the state apparatus. If this apparatus is really and concretely dominated by workers (instead of being situated above them and dominating them), then state property is the legal form of the workers' social property; on the other hand, if the workers do not dominate the state apparatus, if it is dominated by a body of functionaries and administrators, and if it escapes the control and direction of the working masses, then this body of functionaries and administrators effectively becomes the proprietor (in the sense of a relation of production) of the means of production. This body then forms a social class (a state bourgeoisie) because of the relations existing between itself and the means of production, on the one hand, and the workers on the other. This situation clearly does not imply that this class personally consumes the totality of the surplus-product, but that it disposes of this product according to norms that are class norms, norms that include an obligation to allow the market and the "criteria of profitability" to play a dominant role. (Bettelheim, 1976, pp. 98-9)

Bettelheim's conclusion rests on his analysis of the relations existing between and within the state enterprises in the Soviet Union. Although imbued with the juridical form of social property, the state enterprises, by virtue of the fact that they retain the structure of enterprises, function so as to reproduce the relations which characterise production units within the capitalist mode of production. These relations are the result of a 'double separation' inscribed in the structure of the enterprise, that is, the separation of the workers from their means of production – the corollary of this is

the possession of the means of production by the enterprises, in effect, by their managers—and the separation of the enterprises from each other. This double separation, Bettelheim points out,

... forms the central characteristic of the capitalist mode of production, and it serves as a support for the totality of contradictions of this mode of production, to the extent that this mode opposes the “private” character of property or possession to the social character of the productive forces. State capitalism and nationalizations only provide the formal means for partially “overcoming” these contradictions, that is, in fact, the means by which their effects can be displaced. (Bettelheim, 1976, p. 85)

Given the nature of the enterprise as ‘a matrix institution for the reproduction of capitalist social relations’, Bettelheim argues that it is only through the revolutionary transformation of all the relations within the system of state enterprises that the real socialisation of the means of production can be realised. This cannot be the automatic result of the development of the productive forces, but must rather be effected by means of a determinate political practice, that is, as a result of the class struggle, as ‘the motor of history’.

Bettelheim contends that there exists, in the U.S.S.R., a system of commodity exchange between the state enterprises, which is based on the plurality of the capacities of the enterprises to dispose of the means of production and the products (but see Chapter 5). He considers that it is the wage-labour character of the relationship between the individual workers and the enterprise which, intervening in commodity exchange between the enterprises, constitutes the existence of capitalist relations of production at enterprise level.

Bettelheim goes on to argue, however, that

... the existence of state property “above” the possession of the means of production imposes limits on the enterprises’ possession. It is because of these limits that possession, and the legally recognized “rights” that reinforce it, are not transformed into property pure and simple – on the condition that state property is an economic reality and not a simple legal fiction. This is the case: on the one hand, when state property effectively enables the governmental authorities to “reappropriate” all or part of what each enterprise possesses; on the other hand, when the state

effectively dominates the use that the enterprises make of their means of production and products.

Such a domination can be more or less rigorous, depending on the politics followed in this domain by government authorities (and thus in the last instance on the effects of the class struggle operating in a field that has a structure determined by a given combination of productive forces and relations of production). In particular, this politics is expressed through the greater or lesser "degree of autonomy" accorded to the enterprises.

In actual fact, then, the "limitations" imposed on the "autonomy" of the enterprises are the manifestation of the state's power to dispose of products and appropriate the means of production. Thus, what appears negatively as a "limitation" on the enterprises is, positively, the effect of specific relations of production, of property relations (in the economic sense), which can be socialist relations to the extent that they really ensure the domination of workers over the means of production and reproduction and therefore, over the means and results of their labour. (Bettelheim, 1976, p. 83)

Conversely, the presence of capitalist relations of production does not in itself specify the dominance of the capitalist mode of production. This can only be said to constitute the dominant mode of production if a corresponding set of social relations are present simultaneously. If this is not the case, the result is not a mode of production but a form of transition, as when capitalist relations at enterprise level are combined with socialist social relations as represented by planned relations. It is precisely such a 'non-correspondence' of relations within and between the different levels of a social formation, resulting from the combination within it of elements and relations of different modes of production, which, Bettelheim considers, characterises the transition period. The process of socialist transformation is not effected, however, as a mere function of this non-correspondence.

The complete elimination of commodity relations, Bettelheim argues, requires the domination of the production units by an economic plan which

. . . must be the form of social appropriation of the means of production and products by the workers themselves, and, therefore, not simply a form of the unity of labour at the level of a

social formation, but also a form of the socialization of labour (Bettelheim, 1976, p. 90)

While this formulation has certain affinities with that employed in Bettelheim's earlier work, and criticised above (see Chapter 5), it is clear that the conception which it serves to articulate is located within a rather different problematic, in which the persistence of commodity relations during the transition period is no longer apprehended as being rooted ultimately in the still inadequate level of development of the productive forces.⁵ It entails, he points out, not only the 'revolutionising' of the totality of relations within the transitional social formation, but also an end to the dominance of the capitalist mode of production on an international scale. The continuation of this dominance is, Bettelheim emphasises, another source of the reproduction of capitalist social relations, in addition to the enterprise itself as the 'matrix institution' of their reproduction. It is, moreover, a source not only of directly economic pressure, but also of political and ideological pressure as exerted, for example, on modes of consumption and on the organisational forms of the enterprises. Even more important in this context is the state itself. This importance derives from the fact that

... the existence of certain political forms plays a part in imposing a separation between the immediate producers and their means of production; consequently, it also contributes to the imposition of commodity relations within the sphere of production. (Bettelheim, 1976, p. 96)

More than this, however the state

... can play the matrix role in bourgeois social relations. It can become the place where the means of repression directed against the workers are constructed, the place where the power to utilize the means of production and to dispose of its products is concentrated, and the place toward which the elements that are the social bearers of nonproletarian ideological relations converge, elements that are more adapted to tasks of repression, and to those of administration and planning without the control of the immediate producers.

The historical evolution of the state apparatus in the Soviet Union has been in this direction. It has produced a specific type of state apparatus, whose characteristics are found again in the state

apparatuses of the Eastern European countries. (Bettelheim, 1976, p. 98)

If the plan does not take the form of the domination by the workers of their means of production, it is simply superimposed on the commodity relations which, Bettelheim considers, exist within the system of state enterprises. When this is the case, planning merely 'displaces' the separation of the producers from their means of production by constituting 'a form of intervention of the political level within the economic level, a form of intervention that is appropriate to state capitalism'. (Bettelheim, 1976, p. 90) State capitalism, however, can function under either a workers' or a bourgeois state. In the former instance, socialist relations of production dominate over commodity relations, which therefore neither determine the magnitude of accumulation nor its sectoral distribution within the economy. Commodity relations do not, in this case, specify the overall social and material conditions of production, and in fact have only a limited effectivity in the functioning of the units of production, and one which is demarcated by and subordinated to the dominance of planned relations. It is Bettelheim's contention that this can only take place

. . . if the separation of workers from their means of production has, at least partially, been brought to an end. This presupposes that the workers occupy a dominant political and economic position, at least through the intermediary of a vanguard, ensuring the direction of the state apparatus and control over the units of production. In this case, the plan assures the unity of social labour. Yet, the existence of commodity relations, as much at the level of enterprises as in the relations between enterprises and state agencies, signifies that this unity is not yet that of socialized labour. "State property" and "bourgeois right" form the framework for a "state capitalism" dominated by the working class. Capitalist social relations of production still exist, but they are placed in a subordinate position and combined with planned relations that dominate them. This specific combination, which is peculiar to the transition, is generally designated as corresponding to the existence of a socialist "economic base". (Bettelheim, 1976, p. 103)

The concept of a vanguard, Bettelheim points out, 'designates the

ruling workers' party, but only to the extent that it is a workers' party in terms of its social base, in its relations with the immediate producers, and in its ideology'. (Bettelheim, 1976, p. 103) The decisive role of the party, he argues, is inextricably bound up with the proletarian ideology which it embodies, and its proletarian character and integrity as a party 'can be lastingly maintained only if the ideological unity of the party is based on the principles of revolutionary Marxism, and if the party, in its functioning, respects these principles, thus constituting a revolutionary vanguard supported by the working masses'. (Bettelheim, 1977, p. 410) It follows from this that

The loss of power by the proletariat is not necessarily the result of a violent physical struggle. Since the revolutionary ideology of the proletariat is an essential element of proletarian power, the ideological class struggle is also an essential element of the struggle for power and for the preservation of this power. This explains why the weakening of the role of proletarian ideology, and the errors thus induced, may create conditions enabling bourgeois social forces to develop, become consolidated, gain influence, and ultimately take over the leadership of the state, i.e., regain power. (TS, p. 74)

While the proletariat is still subject to the influence of bourgeois ideology, Bettelheim points out, it can itself develop practices which actually contradict its real class interests, and which tend to consolidate the capitalist elements of the relations of production in the transitional social formation. This, he considers, is what happens when the workers' state no longer dominates and 'suppresses' state capitalism, as represented by the relations within the system of state enterprises, through the agency of the plan, which thereby becomes a 'duplication' and an 'accompaniment' of commodity relations. It is precisely in this that what the C.C.P. designates as 'taking the capitalist road' consists. It represents the 'decomposition' of state property, upon which the capitalist social relations of production within the enterprises are articulated. The result is a capitalism functioning within the juridical framework of state property, that is, state capitalism, having as its agent a state bourgeoisie. While, following the C.C.P., Bettelheim dates the consolidation of the 'state bourgeoisie' in the U.S.S.R. as a new ruling class from the Twentieth C.P.S.U. Congress in 1956, he sees it

as having originated in the first years of the Soviet state, which 'saw . . . the beginning of practices that were later to become consolidated and deprive the proletariat of power . . .'. (Bettelheim, 1977, p. 314) Although Bettelheim maintains that the emergent state bourgeoisie 'was at that stage mainly composed of members of the old bourgeoisie', he argues nevertheless that

While the class origins of the members of this state bourgeoisie played at first an important role in the formation of the class, this was not so later on. When the state bourgeoisie became consolidated, the class origin of its members ceased to be significant: thereafter, what was decisive was the place occupied by this new class in relation to the means of production, its role in the social division of labour, the share of the wealth produced that it took, and the class practices that it developed. (Bettelheim, 1977, p. 205)

It is evident that for Bettelheim the determinant dynamic of the transition period is located in the political and ideological levels of the transitional social formation, and is expressed, in the terminology of the C.C.P., in 'putting politics in command' and in having the correct 'mass line'. He offers little indication, however, of the concrete content of this practice, although he does point out that

The definition of the proletarian revolutionary line can . . . not be left to a mere "majority vote", whether in a popular (or workers') assembly, in a party congress, or in a meeting of the party's Central Committee. Experience shows that, faced with a profoundly new situation, it is usually only a minority that finds the correct path, even in an experienced proletarian party. (Bettelheim, 1977, p. 414)

Such a Platonist conception is, to say the least, open to wide interpretation, and a cynic might well argue that it constitutes no more than a rationalisation of the 'cult of personality' and the application of 'administrative methods', whether in their Russian original or in their Maoist continuation.

Few would disagree with Bettelheim, however, when he maintains that if it is to be an effective instrument of the domination of the producers over the conditions and the results of their activity, the plan

... must be elaborated and set in operation on the basis of the *initiative of the masses*, so that it *concentrates and co-ordinates* the experiences and the projects of the masses. This co-ordination, to be real, evidently must assure that technical and general economic requirements as well as overall objective possibilities are taken into account. This is one of the roles of "centralism", but this "taking into account" will be more effective to the extent that the plan is based above all on the initiative of the masses, and its elaboration and application are controlled by them. In this way, the plan becomes a "concentrate" of the will and aspirations of the masses, of their correct ideas. (TS, pp. 41-2)

In the absence of any institutional structures by means of which the self-organisation of the producers can be realised, however, the mediation of the initiative of the masses, and of their elaboration and control of the plan, can only be deemed to be effected vicariously and intuitively. In fact, Bettelheim's only concrete reference to workers' self-management occurs in a pejorative context. Since – and this is undeniable – workers' self-management cannot in itself suppress the reproduction of commodity relations during the transition period, he argues that the concept is 'illusory' and even 'under certain conditions, reactionary', obscuring the necessity for an effective domination of the workers over the means of production and for a real socialisation of labour. (Bettelheim, 1976, p. 95) In his most recent work, the first volume of the projected trilogy *Class Struggles in the U.S.S.R.*, he does, however, acknowledge that: 'Of all the ideological struggles that took place in the Bolshevik Party between 1918 and 1921, the most significant, both in its implications and in its limitations, was the one aroused by the theses of the Workers' Opposition'. (Bettelheim, 1977, pp. 401-2)

In Bettelheim's view, the role of soviets and analogous organs in a workers' state is necessarily subordinate to that of the party. He points out that in the Soviet context it was *Sovnarkom* (*Sovet Narodnykh Komissarov*), the Council of People's Commissars, the members of which were chosen by the Bolshevik Party, which wielded effective governmental power. This was not the case, he argues, merely for conjunctural reasons:

The establishment of the dictatorship of the proletariat means that the proletariat sets itself up as the ruling class, and this cannot be done through organs of the soviet type, which are mass

organizations, or through state organs exclusively derived from these. The constitution of the proletariat as ruling class is necessarily effected through an apparatus that is specifically proletarian in ideology and aims, and in the role of leadership and unification that it plays in relation to the masses: in other words, through a proletarian party that plays this leading role, politically and ideologically, and plays it, too, in relation to the machinery of state issuing from the mass organizations. (Bettelheim, 1977, p. 109)

While it is certainly true that the system of soviets cannot in itself effect the political mediation of proletarian state power, there can be no doubt that for Lenin and the Bolsheviks it did represent the apparatus in which that power was realised. There is, moreover, every reason to believe that organs of the soviet or factory council type will constitute the central political apparatus of any workers' state which may emerge from the success of socialist revolution in Western Europe.⁶ It must therefore be concluded that Bettelheim's characterisation of the Marxist-Leninist Party as 'the *dominant apparatus* of proletarian state power' and the 'true instrument of the dictatorship of the proletariat . . . the crucial organizational form of a proletariat which has become a ruling class' (TS, p. 64) is a highly questionable one. There is no possible basis in the writings of Marx and Engels for this contention nor, despite all his emphasis on its pivotal role in the Russian context, is such a thesis to be found in any of the works of Lenin. In assigning to the party a determining role in the transition period Bettelheim is begging the question of what possible function in the future socialist society the party is a precursor or a prototype.

Both Bettelheim and the North American economist Paul Sweezy (who has now, along with other Chinese-oriented U.S. Marxists, come to espouse essentially identical views)⁷ originally subscribed to the thesis that the U.S.S.R. is a workers' state⁸ and, it must be concluded, have failed thus far to provide a coherent account of the nature of the transformations which led to the emergence of the Soviet 'state bourgeoisie'. Sweezy would seem to have situated the problem when he wrote, in an exchange which predates his adoption of Bettelheim's problematic, that the latter's account offered

. . . no criterion for judging whether or not the proletariat is in

power other than the policies pursued by the government and the party. Is it not essential for the theory to have explanatory value that there should be an *independent* method of establishing the identity of the class in power? Or again, what are the modalities and stages in the growth of the new state bourgeoisie? Perhaps most important of all, under what conditions can one expect a victory of the proletariat and under what conditions a victory of the new state bourgeoisie? (TS, p. 49)

It can readily be admitted that Bettelheim's treatment of the problematic of the transition does provide a valid and significant corrective to any tendency towards the vulgar identification of market mechanisms with capitalism and 'planning' with socialism (such as is, for example, almost invariably implicit, and often explicit, in literature originating from the C.P.G.B.). As Hindess asserts in his *Introduction* to Bettelheim's *Economic Calculation and Forms of Property*:

... the use of the plan/market dichotomy as an index of socialisation is ideological rather than scientific and ... may have retrogressive political effects since it entails a misrecognition of the specific structure of political and economic relations. (Hindess, 1976, p. 5)

The degree of extension of commodity-money relations in a given conjuncture can in no sense be taken as indicative of the progress of the socialist transformation of a post-capitalist social formation. On such a basis, indeed, the U.S.S.R. would never have been as close to socialism as it was during the period of War Communism, a fallacy which was, for a time, espoused by Lenin and the other Bolshevik leaders (see Chapter 5). It is surely correct to maintain, as does Sweezy, that

... the market/plan contradiction is not an absolute contradiction in the sense that the two forces cannot exist side by side; it is a contradiction in the sense that the two forces are in opposition to each other and are necessarily locked in an uninterrupted struggle for dominance. The question is not how extensively the market is used, but the degree to which the market is used as an *independent* regulator. And of course this is not in the least a question of economic "laws" or of the consequences of

certain economic forms. Rather it is a question of state power and economic policy. (TS, p. 28)

Engels, in *Anti-Duhring*, wrote that 'The contradiction between social production and capitalist appropriation became manifest as the antagonism between proletariat and bourgeoisie'. (AD, p. 305) The mere nationalisation of the means of production does not abolish the essentially 'private' character of their appropriation or 'possession'. Not only is the inadequate level of development of the productive forces an obstacle to their fully social appropriation, but so too is the inevitably 'capitalist' character of these forces, as reflected in the fact that they continue to be, organisationally, technologically, and—since the principal productive force is the working class itself—*ideologically* structured in accordance with the imperatives and intrinsic logic of the capitalist mode of production.

As Engels emphasised, it is therefore inconceivable

. . . that society can take possession of all means of production without revolutionizing from top to bottom the former method of production and in particular putting an end to the old division of labour. . . (AD, p. 332)

It is arguably one of the principal merits of Bettelheim's analysis (as well as of those of Cardan, Brinton, and Santamaria and Manville: see below) to have brought out this essential feature of the transition. Given, therefore, that state ownership of the means of production in a workers' state is not synonymous with social ownership, that is, with the complete socialisation of the productive forces and their conscious control and articulation by the 'associated producers', the contradiction to which Engels referred must necessarily continue to exist (albeit within the reconstituted framework determined by the new relationship of class forces), as, too, will the class antagonism in which it becomes manifest.

It is the continuing contradiction within the economic level of the transitional social formation between the dominant relations of production and the productive forces which determines the general character of the transition period, finding its expression in the '*conflict of two antagonistic economic logics: the logic of the plan and the logic of the market. . .*' (Mandel, 1974a, p. 9) This conflict itself becomes the determinant locus of the 'antagonism between proletariat and bourgeoisie', that is, of the class struggle, which here takes the form

of the proletariat's struggle against all those relations and practices—economic, political, and ideological—which function towards re-establishing the dominance of commodity production and market forces.⁹ As Mandel points out:

The field of decisive battle is clearly that of large-scale investment. The logic of the market economy leads investment in a direction *opposed* to the logic of planning. The economic movement itself embraces two different forms—cyclical fluctuations in the first case; uninterrupted development (although not always necessarily at the same rate) in the second. (Mandel, 1972, p. 12)

Given this, it is apparent why no coherence can be attributed to Bettelheim's view, as presented by his colleague Martinet, that:

. . . when planning becomes indicative and when the autonomy of the management permits an enterprise to make its own investments, to negotiate contracts, to decide on its production processes, this enterprise tends to substitute for the fiction of state property a new form of collective property.¹⁰

It is the general orientation of investments which differentiates state ownership of the means of production from private ownership in the economic and not merely juridical sense, with the distribution of that part of the social surplus allocated towards the expansion of production being determined, in the former case, at the level of the social formation as a whole. The strategic decisions governing economic development are thus taken independently of the market and of the criteria of individual enterprise profitability, in accordance with the priorities assigned by the central planning agencies. When the means of production are privately owned, the allocation of the 'accumulation fund' is effected as a function of the imperatives of competition and profitability, at the level of the individual enterprise.

Were a stage to be reached at which the managers of state enterprises could determine their own investment, negotiate contracts, etc., state property would no longer exist in either a juridical or an economic sense. In effect, a movement from 'imperative' to 'indicative' planning would, in the Soviet context, constitute the disintegration of the relations of production which underlie planning, and would therefore be synonymous with the restoration of

capitalism (but not 'state capitalism'). As Hindess points out, in a reference to Bettelheim's thesis that 'a tendency towards the decomposition of state property' is inherent in Soviet 'state capitalism':

On the contrary, far from there being a tendency to decomposition inscribed in the structure of state capitalism, that decomposition must itself be considered the decisive moment in the restoration of capitalism. It cannot be the result of any "tendency"; it must be the outcome of a specific class struggle conducted in definite real conditions. . . . The decomposition of state property is not a mere consequence of the restoration of capitalism; it is the restoration itself. (Hindess, 1976, p. 23)

Bettelheim (and, following him, Hindess) is mistaken in positing the existence of a system of generalised commodity exchange between the state enterprises in the U.S.S.R. The individual enterprise cannot autonomously determine its prices, wage levels, sources of supply of raw materials, or the orientation of its production processes. The means of production do not have the character of commodities (see Chapter 5). Even had the U.S.S.R., like Hungary and Czechoslovakia, adopted the proposal put forward by the late Soviet economist Nemchinov and others that the existing 'material-technical supplies system' (which is under the control of the relevant state committee, *Gossnab*) be replaced by inter-enterprise trade, Bettelheim's thesis would remain unfounded. So long as the mass of the principal means of production do not themselves 'circulate' in this way (and this remains the case, not only in the Soviet Union, but in all the countries of Eastern Europe, including Yugoslavia), there is no basis for the assumption that profit has become the motive force of economic growth and that investment is allocated and re-allocated between enterprises in accordance with the dictates of market forces. As Mandel has observed, this would mean

. . . the reintroduction of layoffs in industry, the reappearance of massive unemployment, the reorientation of the economy toward priority development of those branches that respond best to "liquid demand" (both internal and external) rather than to those that assure economic and social growth, optimal or desirable for the long term. It is at least premature and overly

pessimistic to suppose that all these radical transformations would be possible in the U.S.S.R. without invoking a vigorous reaction from the proletariat. . . (Mandel, 1972, p. 13)

In the Soviet Union, the 'prices' affixed to material and technical inputs to the production process are not formed 'spontaneously', but are rather the result of pseudo-market procedures designed to optimise the allocation of resources.¹¹ The fact that there does exist a 'black market' in capital goods in the U.S.S.R. is, as already noted, a consequence of the absence of democratic popular control of economic planning and the production process rather than of the supposed commodity character of the means of production. Nor does the production of consumption goods respond in an unmediated way to effective demand. Were it to do so, this would inevitably mean that the entire structure of the consumer goods industry in the U.S.S.R. would adapt itself to the existing unequal distribution of income, so that the manufacture of luxury goods would take priority over the production of basic necessities for the mass of the population. This, it is apparent, is not yet the case, nor could it occur without the generation of explosive social antagonisms.

Bettelheim's very conception of Soviet 'state capitalism' is, it is apparent, inherently contradictory. In Cliff's analysis, 'state capitalism' designates a capitalism subsumed under a single state property, presupposing its inter-relationship with an international system of production (although this is held to occur, untenably, through the medium of armaments competition). Bettelheim's use of the term, however, does not specify or presuppose such an international nexus. In his account, the realisation and appropriation of surplus-value takes place by means of commodity exchange within a single private (formally state-owned) property. However, as Marx emphasised: 'Capital exists and can only exist as many capitals and its self-determination therefore appears as their reciprocal interaction with one another'. (PGR, p. 414) In the absence of this 'reciprocal interaction', there would be no compulsion to accumulate surplus-value, and the reproduction of the capitalist mode of production would cease. The contradiction, as Hindess points out, is apparent:

If a single private property in the system of state enterprises is to have a real economic existence then it must subordinate

commodity relations through its control over the financial and material conditions of economic reproduction. If, on the other hand, capitalist relations of production are to dominate the system of state enterprises then the unitary state property in that system can have no real economic existence: state ownership must then be a juridical form representing the existence of distinct private properties. (Hindess, 1976, p. 23)

Like Cliff, Bettelheim fails to demonstrate that the articulation of the elements and relations of the Soviet social formation specifies the dominance within it of the capitalist mode of production, as a determinate mode of the appropriation of surplus-labour (see Chapter 5). The presence of certain of the conditions necessary for the functioning of that mode of appropriation of surplus-labour, and even the presence of the surplus-value form itself, is not sufficient to constitute a proof of its existence and, therefore, of the dominance within the economic level of the Soviet social formation of capitalist relations of production. There is, moreover, no way in which the re-establishment of capitalism in a transitional social formation can be deduced from the presence or absence of specific political forms or of certain political and ideological relations at the level of the state apparatus ('the necessary dominance of proletarian ideology'). The capitalist mode of production can only be said to have been reconstituted if it can be established that the extraction of surplus-labour by a capitalist class (whether in the form of a 'traditional' or 'state' bourgeoisie) is effected in the form of the appropriation and accumulation of surplus-value through the medium of differential access to exchange-value. It follows that unless it is reflected in a transformation of the dominant relations of production, differentiation in the political level of a transitional social formation can, at most, create conditions which facilitate the subsequent realisation of such a transformation by means of a political intervention at the economic level, that is, through the agency of a counter-revolution.

'NEW CLASS' THEORIES FROM EASTERN EUROPE

The best known contemporary view of the Soviet and Eastern European social formations as being dominated by a new bureaucratic class is that propounded by the Yugoslav Milovan Djilas. His

ostensibly Marxist analysis¹² is, in essence, similar to that elaborated by Rizzi and Shachtman. Starting from the premise that ownership consists in 'nothing other than the right of profit and control', he argues that 'If one defines class benefits by this right, the communist states have seen, in the final analysis, the origin of a new form of ownership or of a new ruling and exploiting class'. (Djilas, 1957, p. 35)

The 'new class', Djilas considers, is not constituted by the bureaucracy as a whole, but consists rather of 'a special stratum of bureaucrats, those who are not administrative officials', and is thus, in effect, a 'party or political bureaucracy', all other officials being 'only the apparatus under the control of the new class'. (Djilas, 1957, p. 43) While Djilas locates the origins of the new class in the Leninist concept of the vanguard party, he emphasises that the party and the class are not identical. The latter, he seems to imply, extends beyond the boundary of the party apparatus: 'The party makes the class, but the class grows as a result and uses the party as a basis. The class grows stronger, while the party grows weaker . . .'. (Djilas, 1957, p. 40) He insists, nevertheless, that the party represents the 'core' or 'base' of the new class.

While his exposition is not free from inconsistencies, the essence of Djilas' thesis would seem to be that the new class is constituted by those who, by virtue of the fact that they hold party or political office on a full-time basis, are economically advantaged and have access to special benefits and privileges:

. . . membership in the new party class, or political bureaucracy, is reflected in a larger income in material goods and privileges than society would normally grant for such functions. In practice, the ownership privilege of the new class manifests itself as an exclusive right, as a party monopoly, for the political bureaucracy to distribute the national income, to set wages, direct economic development, and dispose of nationalized and other property. (Djilas, 1957, pp. 44-5)

According to Djilas, the new class derives its socio-economic status from an administrative monopoly within the state apparatus, and has therefore to be distinguished from that category represented by individuals in managerial or other professional positions who happen also to be party members. As Parkin has noted, however:

Full time Party functionaries are increasingly drawn from the ranks of those with higher education; in some cases they have formerly been employed in industry or in other jobs outside the Party apparatus. Similarly, *apparatchiki* sometimes change career in mid-stream and enter managerial or non-Party administrative posts. (Parkin, 1972, p. 152)

The distinction which Djilas makes is, therefore, a questionable one.

Were it to be conceded that the party-state bureaucracy might, on the basis which Djilas indicates, be characterised as a class, it must nevertheless be asked how it is constituted and reconstituted as a distinct social entity. The absence of any system of legal transfer by means of which the party-state bureaucracy could pass on the material and other privileges which it enjoys as a function of its administrative monopoly of the nationalised means of production meant, for Trotsky, that there was no basis for regarding it as a separate class. He emphasised that 'Privileges have only half their worth, if they cannot be transmitted to one's children. But the right of testament is inseparable from the right of property. It is not enough to be the director of a trust; it is necessary to be a shareholder'. (RB, p. 254; see also Chapter 3)¹³ It might, nevertheless, be argued that the bureaucracy can transmit other kinds of advantage which effectively ensure a privileged position for its descendants, thereby reproducing itself as a class. One such alternative mechanism of class reproduction could be constituted by differential access to education, which is certainly a feature of Soviet society. Sweezy has in fact maintained that this is 'probably the most important way' in which the party-state bureaucracy ('state bourgeoisie') perpetuates itself as a class.¹⁴ While it is certainly the case that the educational success of the children of the intelligentsia and the party *apparatchiki* is markedly higher than that of the population as a whole (the systematisation of which constitutes one of the supports of bureaucratic power), it is nevertheless apparent that the extent of upward social mobility in the U.S.S.R. (and Eastern Europe) places definite limits on the degree to which educational advantage can function as a mechanism for the social self-recruitment of the bureaucracy (although it is true that the zenith of this mobility, which was in large part associated with the creation of a mass industrial base, has now passed, and that Soviet society has become somewhat less 'fluid' in the past two decades).¹⁵

Djilas, in this context, has stated that

The new class is continually being created from the lowest and broadest strata of the people, and is in constant motion. Although it is sociologically possible to prescribe who belongs to the new class, it is difficult to do so; for the new class melts and spills over into the people, into other lower classes, and is constantly changing. (Djilas, 1957, p. 61)

Parkin, as a non-Marxist commentator, has written, in discussing this thesis, that

... if we take a synchronic view of the present socialist reward system we can detect a distinct social boundary between the 'new class' and the rest of society. We should thus be justified in regarding it as a class system in this restricted sense. If, on the other hand, we take a diachronic view of the same system we are bound to note that this boundary is a highly permeable one in the sense that movement into the 'new class' from below is continuously taking place. (Parkin, 1972, p. 158)

It is indeed the extent, over time, of this social movement, which is the basis of the 'totalitarian-mass model' of the Soviet and Eastern European social formations, according to which the bureaucracy, through its control of the repressive state apparatus, maintains the atomisation of the mass of the population, thereby disorganising any incipient 'structuration' within it.¹⁶ It is clear, however, that the social supremacy of the bureaucracy does not, and indeed could not depend on the perpetuation of what would effectively amount to a state of permanent civil war. During the period, moreover, when it was overtly applied (that is, during all but the very last years of Stalin's personal rule), repression had the effect of disorganising the bureaucracy itself, keeping it 'in a state of flux, renewing permanently its composition, and not allowing it to grow out of a protoplasmic or amoeboid condition, to form a compact and articulate body with a socio-political identity of its own'. (PO, pp. 306-7)

Rakovski, acknowledging that 'soviet societies do not contain classes in the historical sense of the term', grounds his analysis in the 'synchronic view' to which Parkin refers. He considers that in the Soviet and Eastern European social formations

The fundamental antagonisms are determined solely by the position of social groups *vis-à-vis* the power hierarchy: on the one hand, that part of the population which undertakes real activities, and on the other, that part which controls and directs. The former can be termed 'producing class', and the latter 'class in power'. (Rakovski, 1977, p. 100)

Rakovski also maintains that

In soviet societies, the inheritance of privileges does not play a serious part in the reproduction of the dominant class. But it does not follow that anyone can reach any level in the hierarchy. There are basically three channels for selecting members of the dominant class: the distribution of opportunities for higher education; activity in the organisations with the form of social movements; and the system of informal relations within the dominant class. In soviet societies, the chances of acquiring a higher qualification are determined (apart from the selection mechanisms familiar in the developed capitalist countries) by a more or less formalised system of privileges. In the Stalinist period, these privileges were extended to some layers of the working class. But with steadier industrial development the dominant class has become able to fill management positions by internal reproduction, and this has changed the relation between the three selection mechanisms. Whereas in the Stalinist period it was often sufficient to pass through one of the channels, in the post-Stalin period it is generally necessary to pass through all three at once. As a result, mobility between the two classes has been sharply reduced. (Rakovski, 1977, p. 101)

The most fundamental objection to Rakovski's analysis, as to that of Djilas, must concern their explicitly 'revisionist' conceptions of the Marxist categories of 'class' and 'ownership'. Rakovski's attempt to differentiate between a 'producing class' and a 'class in power' rests on the untenable distinction between 'real activities' and 'control and direction' and must therefore be rejected (see Chapter 3, for a discussion of Marx's account of the function of superintendence and management with respect to the Soviet bureaucracy). Classes, in Marxist analysis, are groups of agents defined by their places in the process of production and the social division of labour. This concept necessarily takes in both political

and ideological as well as economic relations, but it is the economic place of social agents which has the principle role in determining classes. Thus, the differences in relative income levels which non-Marxist sociologists have employed as criteria in delimiting classes are themselves based ultimately on the underlying differentiation into social classes as determined by the relations of production. The mere fact that the Soviet bureaucracy enjoys, by virtue of its administrative monopoly, many of the powers and privileges associated with a traditional bourgeoisie, cannot possibly represent a basis for designating it as an 'ownership' class in any meaningful sense. Within the capitalist mode of production, the bourgeoisie's ownership of the means of production specifies for it a determining and essential role in that mode of production (essential in the sense that its non-fulfillment of that role would signify a different mode of production); its 'possession', in relation to the forces of production, means that it constitutes the agency which sets in motion these forces. Such benefits and privileges as the bourgeoisie enjoys (and these are in no sense an essential or constitutive aspect of its position) derive from its role as the agent of capital accumulation, and do not in any way conflict with that role.¹⁷

The privileges which the Soviet bureaucracy enjoys, however, it does so – in Trotsky's phrase – 'under the form of an abuse of power'. These privileges, and the material self-interest of the bureaucracy, are, moreover, in fundamental conflict with the underlying logic of the economy which it controls. The fullest and most efficacious realisation of planning, as the conscious allocation of resources – and particularly of labour-time – by and for society, objectively requires the liquidation of the administrative monopoly of the Soviet bureaucracy and its attendant material privileges. It is this which, above all, calls into question Djilas' concept of the 'new class'.

A similar, but altogether more sophisticated analysis originating from Eastern Europe is that by the Polish Marxist dissidents Jacek Kuron and Karol Modzelewski. In their view

... the Party élite is, at one and the same time, also the power élite; all decisions relating to state power are made by it and, in any case, at the top of the Party and state hierarchies there exists, as a rule, a fusion of responsible posts. By exercising state power, the Party élite has at its disposal all the nationalized means of production; it decides on the extent of accumulation and

consumption, on the direction of investment, on the share of various social groups in consumption and in the national income; in other words, it decides on the distribution and utilization of the entire social product . . . (RSM, p. 8)

Kuron and Modzelewski postulate, therefore, that the determining feature of the Soviet and Eastern European systems is the fusion of party and state, giving rise to what they designate as the 'central political bureaucracy', an autonomous 'power élite' which is able, independently of all social control, to formulate all major economic and political decisions.

In contrast to Djilas, Kuron and Modzelewski do not identify the bureaucracy's exploitative domination with the material and other privileges deriving from its control of the means of production since, they argue,

. . . direct personal consumption is not an end in itself of the ruling class under any system. The privilege of high consumption, prestige and power, as well as all other social privileges, result from the ability to command production. Hence every ruling class aims at maintaining, strengthening and expanding its command over production and over society; to that end, it uses the surplus product, and to that purpose it subordinates the very process of production. (RSM, p. 17)

Kuron and Modzelewski consider that all means of production in the Soviet and Eastern European social formations have become, in effect, one centralised national 'capital', upon the magnitude of which the power, authority, and international status of the party-state bureaucracy in each case depends. It follows, of necessity, that the bureaucracy is compelled 'to increase capital, to enlarge the producing apparatus, to accumulate'. (RSM, p. 18) As has already been noted, however, such accumulation can in no sense be equated with the accumulation of surplus-value and the self-expansion of capital under the capitalist mode of production (see Chapter 5)

The central political bureaucracy, it is claimed, had its origins as a 'new class' in the process of industrialisation in the Soviet and Eastern European social formations:

. . . the nature of the task of industrializing a backward country called to life as a ruling class a bureaucracy which was able to

achieve this task, since it alone, through its class interest, represented the interest of industrialization under such conditions – production for the sake of production. (RSM, p. 28)

Since industrialisation resulted in a markedly improved standard of living for the great mass of the population of the U.S.S.R. and – after their postwar ‘Sovietisation’ – the countries of Eastern Europe, the party-state bureaucracy could, notwithstanding its totalitarian and coercive political practice, rely for a considerable time on the support of a majority. Its administrative monopoly was therefore based on a solid social foundation for as long as its ‘class’ goal of production for the sake of production (that is, of promoting the expansion of heavy industry) corresponded to the real requirements of economic development. Once the construction of a modern industrial base had been completed, it is argued, this was no longer the case.

Such a conflation of the objective demands of the social formation in which the central political bureaucracy functions, and its own material interests as a privileged stratum within that formation, abstracts from the historicity of the industrialisation process, ignoring the fact that the priority given by the bureaucracy to the development of heavy industry (production of the means of production) corresponds rather to a particular phase in its evolution, and one which has been to a large extent superseded in several of the Eastern Bloc countries, most notably in the U.S.S.R. itself. It is therefore a mistake to assume that, once heavy industry loses its preferential position in the allocation of investment resources, the material basis of the bureaucracy’s social supremacy has thereby ceased to exist. Kuron and Modzelewski are, however, fully correct in asserting that once a stage in economic development is reached at which further growth cannot take place by means of the simple expansion of the means of production and the utilisation of additional manpower, there must inevitably arise a ‘contradiction between the developed productive potential and the low level of social consumption’. (RSM, p. 35)

The bureaucracy’s policy, during Stalin’s rule, of maximising investment and giving priority to the production of means of production, by disregarding the repercussions on efficiency and labour productivity of drastically restricting consumption, resulted in innumerable planning errors, unfulfilled targets, and a gross disproportionality in the economy as whole. As Mandel has

demonstrated, there is no basis for the assumption that the optimum rate of growth must coincide with the maximum rate of accumulation. (See Mandel, 1968, pp. 611–32). Even abstracting from the social tensions generated by the chronic housing shortage and problems of food supply which accompanied industrialisation and urban expansion, the possibilities for ‘extensive’ growth of this kind are inevitably curtailed with the exhaustion of labour reserves and the increasing cost and productivity of the newly-introduced machinery. Thereafter, economic growth had necessarily to depend on increasing the productivity of the existing labour force, that is, on ‘intensive’ methods. Within the capitalist mode of production, this is achieved as a function of competition and profitability, with less profitable enterprises ultimately ‘going to the wall’, thereby pushing up the average level of productivity. In the transitional economy, profit becomes simply a convenient means of accounting, and the principal agency of economic growth and the increase of productivity must be – to the extent that planning is a genuinely social activity – the conscious co-operation and involvement of the producers, based on the conviction that they are advancing their own collective interest. Such conviction can be merely ideological, as the emergence of Stakhanovism in the U.S.S.R. demonstrates. If, however, it is to be enduringly effective, it must have a rational basis, that is, it must be translated into a perceptible improvement in standards of living. This means, in effect, that consumer demand must function as the major stimulus to increases in the productivity of labour during the transition period. Like any other social formation, a workers’ state

. . . can be overturned if it does not fulfil the function of every system of production in history, that is, if it does not satisfy the social demands of the given epoch; the stimulus here, urging it on, as it were, with blows, is the consumer demand of the workers and peasants. . . (NE, p. 72)

Given the relative underdevelopment of the Soviet Union throughout most of its history, the potential appeal of rising standards of living in the West certainly constituted an additional stimulus, which is still the case today, especially among the intelligentsia (although the ardour of pro-Westerners such as Sakharov – who has argued for the reintroduction of a market – must surely have been dampened by the all-too-apparent evidence that capitalism could

not assure the security and choice of employment available to them in the U.S.S.R.).

It is clear, however, that consumer demand in the Soviet Union is effectively prevented from raising the productivity and efficiency of labour because, as Robens has observed:

Firstly, the bureaucracy itself consumes an enormous amount of the social surplus preventing the rise in the consumption of the masses. Secondly, the system of police terror, atomisation of the workers, etc., prevents the masses feeling that their conditions are improving even if real consumer production is actually increasing. Thirdly, the bureaucracy relies for its power on snuffing out all initiative of the masses. It imposes therefore an immense central controlling apparatus on the economy. (Robens, 'Imperialism', p. 98)

There is, as a consequence, an inevitable tendency on the part of the bureaucracy to attempt to encourage growth by 'extensive' means, that is, by continuing to promote the expansion of heavy industry, thereby 'widening' the mass of means of production, long after the objective possibilities for doing so have disappeared.¹⁸ This results in the genesis of a whole series of additional problems, in particular, inflation (as a consequence of the expansion of demand without any substantial increase in the production of consumption goods), a growing shortage of raw materials, and the production, by enterprises in the consumer goods sector, of large quantities of poor quality goods which are virtually unusable. Trotsky seems to have identified the problem quite accurately when he wrote, in *The Revolution Betrayed*, that

The progressive role of the Soviet bureaucracy coincides with the period devoted to introducing into the Soviet Union the most important elements of capitalist technique.¹⁹ The rough work of borrowing, imitating, transplanting and grafting was accomplished on the basis laid down by the revolution. There was, thus far, no question of any new word in the sphere of technique, science or art. It is possible to build gigantic factories according to a ready-made Western pattern by bureaucratic command – although, to be sure, at triple the normal cost. But the farther you go, the more the economy runs into the problem of quality, which slips out of the hands of a bureaucracy like a shadow. The Soviet products are as though branded with the grey label of in-

difference. Under a nationalized economy, *quality* demands a democracy of producers and consumers, freedom of criticism and initiative – conditions incompatible with a totalitarian regime of fear, lies and flattery. (RB, pp. 275–6)²⁰

The contradictions inherent in an anachronistic strategy of 'extensive' economic growth are of a continually intensifying character since, as the bureaucracy continues to pursue such a strategy, it must necessarily allocate a progressively increasing share of the social product towards the production of capital goods. Being unwilling to finance this by reducing its own material privileges or the size of the state apparatus (that is, by reducing unproductive consumption), the bureaucracy must derive the resources for further expansion from the holding-down or actual depression of consumption levels, which makes it even more difficult to raise the productivity and efficiency of labour and has obvious repercussions in terms of social tensions (as recent events in Poland have clearly demonstrated). The economic reforms introduced in the U.S.S.R. in 1965,²¹ and thereafter in other countries of the Eastern Bloc, represent an attempt to escape from this dilemma without sacrificing the power and privileges of the bureaucracy.

The Liberman reforms, first outlined in an article in *Pravda* on 9 September 1962, proposed the use of profit, that is, the difference between receipts from the sale of products and their cost of production, as against the already-existing *khozrashchet* (economic accounting) system under which the gross value of production was used as a measure of plan fulfilment by the state enterprises. Instead of the detailed specification of quantitative targets for individual enterprises by the central planners, the enterprises were to be accorded a much greater degree of autonomy, thereby effectively reshaping the incentive system as well as the nature of the planning indicators to which they were subject. Whereas, under the traditional Stalinist system of planning, the status and privileges of the managerial strata of the bureaucracy had depended essentially on the attainment of production quotas allocated to their respective enterprises, they now became dependent on the pseudo-market success of these enterprises.

Given, however, that prices, wage rates, and the direction of investment continue to be centrally-determined, the result of the economic reforms has inevitably been to generate a further series of internal contradictions in the Soviet economy. Under the old

system, the enterprise managers had attempted to outdo the central planners and each other in the determination of the allocation of resources, systematically overestimating their enterprises' requirements of manpower, raw materials, and 'capital' investment, while simultaneously underevaluating their productive capacities (an understandable tactic, given that the non-fulfilment of planning targets could mean a labour camp or even execution for 'sabotage'). The results of the Liberman reforms have been to shift the focus of conflict to the economic decision-making process itself. Logically, the managerial strata must now be led to press for the right to lay off or employ workers as required, to fix wage rates and the prices of goods at enterprise level, and to determine independently the orientation of investment within their own enterprises. As a non-Marxist commentator has emphasised, however,

The introduction of greater managerial independence, as justified in 'technocratic' terms, and involving an orientation to profits, is everywhere likely to meet strong resistance from the general body of workers in the enterprise. . . . There is probably only one form of justification of independence of managerial control which is likely to be acceptable to the workers within the organisation: that is, *if this is linked to some form of workers' self-management*. (Giddens. 1977, p. 250)

These apparent implications of the reforms have been reflected in a whole series of debates among Soviet economists, often centring around the theme of whether or not market categories are in fact alien and antithetic to socialism.²²

The real object of the reforms is the creation of an economic equivalent of the autonomic nervous system, a mechanism of automatic regulation, which will avoid the excesses of bureaucratic 'planning' without conceding real power and initiative to the Soviet working class and thereby jeopardising the administrative monopoly upon which the position of the party *apparatchiki* and the intelligentsia, including academicians of the ilk of Liberman himself, ultimately depends.

Clearly, however, there is no necessary correspondence between the maximisation of the performances of the individual enterprises, and the objective requirements of optimum growth in the economy as a whole. Since, moreover, the means of production are collective property, allocated to each individual enterprise through the

agency of the state, and since the productivity of labour within the enterprises must necessarily depend to a far greater extent on this 'capital' endowment than on the efforts of the workers, with the cumulative effects of disproportionalities inherited from Stalinist 'planning', in addition to the planning errors and deliberate economic malpractice by enterprise managers which doubtless still occur, it must follow that some enterprises continue to be unnecessarily penalised. Apart from its inevitably adverse consequences, both in terms of the further development of an enterprise and the morale and the material position (loss of bonuses, etc.) of its workers, such a situation is also profoundly illogical when seen in the context of the aggregation of inputs and outputs which must be the basis for effective planning in an economy in which the means of production are collectively owned.

The real solution, as Mandel has observed, must start from a recognition of the fact that

. . . the principal productive force for building socialism is the productive power of increasingly skilled and conscious individuals. That is why all the "reproduction costs of labour-power" (both the private-consumption funds and the costs of education, training, culture, and the democratic functioning of the economic and political system) can by no means be considered "losses" from the standpoint of investment or economic growth. Rather, from the socialist point of view they represent ultimately the most "profitable" investment. (Mandel, 1971a, p. 288; cf. Marx's eloquent, and essentially identical assertion in PGR, pp. 711-12.)

In *A Revolutionary Socialist Manifesto (An Open Letter to the Party)*, Kuron and Modzelewski have articulated a prognosis which is, in its essentials, identical with that just outlined. Despite their relatively sophisticated analysis of the socio-economic and political problems which now confront the regimes in the Soviet Union and Eastern Europe, their argument is at its weakest when they attempt to deal with the nature of 'exploitation' in these social formations. They write that

The essence of exploitation is not that the working wage represents only a part of the newly-created product but that the surplus product is taken away from the worker by force and that the process of capital accumulation is alien to his interests, while

the unproductive sectors serve to maintain and strengthen the rule of a bureaucracy (or bourgeoisie) over production and over society, and thus in the first place, over the labour and social life of the working class. (RSM, p. 61)

The inclusion of the words 'or bourgeoisie' is clearly incongruous in the context of a definition which, with its emphasis on extra-economic coercion, has more in common with Marxist conceptions of pre-capitalist modes of production than with the specifically economic form of exploitation which occurs within the capitalist mode of production (although it is of course true that state revenues deriving from taxation are utilised in the socialisation of the costs of capital accumulation and in the maintenance of the repressive and ideological state apparatuses). Kuron and Modzelewski are not, in any case, consistent in their treatment of 'exploitation', since they state elsewhere that 'The worker is . . . exploited, because he is deprived of the ownership of *the means of production*; in order to live, he must *sell his labour*'. (RSM, p. 16) The mere existence of wage-labour cannot, however, specify the presence of an exploitative relationship in the capitalist sense, that is, of a mode of extraction of surplus-labour in the form of surplus-value.

It is interesting that Kuron and Modzelewski, in criticising the vulgar identification of state ownership of the means of production with social ownership and control, cite those historical social formations dominated by the Asiatic mode of production as 'examples of class and antagonistic societies in which state ownership of the means of production has prevailed'. (RSM, p. 7) Although Marx's account of this mode of production is less than clear, he does seem to have conceptualised the state as the locus of the reproduction of its peculiar relations of production. The state officials in the Asiatic mode of production, although they would appear to have been, in an authentic and meaningful sense, a ruling class, did not constitute an ownership class in the sense in which this designation is applied to the feudal aristocracy and the bourgeoisie. As Mandel has pointed out, there is, therefore, a parallel to be drawn between the position of these state officials and the Soviet bureaucracy, in that the former likewise

. . . owed their privileges exclusively to their position in the state apparatus and not to their property. . . . However, since they could not ensure their privileges without possession, they

regularly strove towards the acquisition of property in land, so as to rise into the landed gentry. To the extent that they became landowners, they could *no longer fulfil* the main socio-economic function in the given mode of production—the assurance of agriculture reproduction against, among other things, the landed gentry. . . . Here too, the conflict between private interest and state or management function comes clearly to the fore, confirming that the . . . officials were effective officials only as long as they did not form part of a possessing class, and could only become part of a possessing class by negating their official function. (Mandel, 1974a, p. 18)

A particularly significant feature of Kuron and Modzelewski's analysis is that the programme which they advocate for the anti-bureaucratic revolution coincides, in its essentials, with that put forward by Trotsky and the F.I., specifically: the establishment of popular self-administration through a system of workers' councils; a multi-party system; autonomous trade unions; and the replacement of the police and the standing army by a workers' militia. It is interesting, in this context, to recall Trotsky's comments, in *The U.S.S.R. in War*, on the consequences for political practice of the theoretical distinction between social and political revolution as applied to the Soviet Union (see Chapter 4). Given the inconsistencies and lack of conceptual coherence in their treatment of the socio-economic nature of bureaucratic 'exploitation', it might well be considered that the attempt by Kuron and Modzelewski to characterise the central political bureaucracy as a class is extrinsic rather than intrinsic to their analysis, deriving less from its theoretical premises than from a need to differentiate their strategy from that of the reformist currents among the intelligentsia in the Soviet Union and Eastern Europe whose programmatic basis consists in an alliance with one section of the state bureaucracy against another (usually with the 'technocrats' against the 'old-line' party bureaucrats).

THREE CONCEPTIONS OF SOVIET 'STATE CAPITALISM': DUNAYEVSKAYA, MATTICK, AND JAMES

Raya Dunayevskaya (once a secretary to Trotsky) has put forward a theory of Soviet 'state capitalism' which displays several points of

correspondence with Cliff's account (although it was originally developed in the early forties). Equating the compulsion to maximise accumulation to which the Soviet bureaucracy is supposedly subject with the operation of the law of value in the Soviet economy, she maintains that .

As long as planning is governed by the necessity to pay the labourer the minimum necessary for his existence, and to extract from him the maximum surplus value, in order to maintain the productive system as far as possible within the lawless laws of the world market, governed by the law of value, that is how long capitalist relations of production exist, no matter what you name the social order. (Dunayevskaya, 1971, p. 235)

Basing her argument on Marx's many references to the essence of capitalist social relations of production and the rule of 'capital' as consisting in the domination of dead (objectified, materialised, or accumulated) labour over living labour, Dunayevskaya characterises what she designates 'the fetishism of state property' in the U.S.S.R. and Eastern Europe as being an extension of the 'fetishism of commodities'.²³ To identify the power of the party-state bureaucracy (and its imputed compulsion to accumulate) with the domination of dead over living labour in the capitalist mode of production is, however, to abstract from the specificity of this domination:

Capital does not consist in accumulated labour serving living labour as a means for new production. It consists in living labour serving accumulated labour as a means for maintaining and multiplying the exchange value of the latter. (Karl Marx, *Wage Labour and Capital*, MESW/1, pp. 71-93)

Unless it can be demonstrated, through an analysis of the elements and relations of the economic level of the Soviet social formation, that the accumulation which takes place within it consists in the accumulation of exchange-values (surplus-value), there can be no basis for Dunayevskaya's analogy.

One significant feature of Dunayevskaya's analysis, it must finally be noted, is its inherent tendency to reduce the concept of the relations of production to the actual division of labour and

differentiation of authority within the production process itself. Thus, she writes that the Soviet bureaucracy

. . . have substituted for fetishism of commodities the fetishism of the Plan. But their Plan turns out to be no more than a disguise for the actual relations of production in the factory. They are no more able to overcome this fetishism than are the bourgeois economists. In other words, far from the Plan bringing light into the relations of production in the factory, the State planners express in the Plan the total domination of the workers by the machine. In reality, therefore, the State Plan is nothing but the organisation of the proletariat to produce under the domination of the machine. (Dunayevskaya, 1971, p. 239)

While it is undeniable that within the capitalist mode of production the 'technical' division of labour is completely subordinated to the social division of labour, as defined by the private ownership of the means of production, the two are by no means synonymous. It is, nevertheless, the explicit reduction of the concept of relations of production to the relations within the individual capitalist enterprise which forms the starting point for the analysis of the Soviet Union and other 'state capitalist' social formations by Cardan and *Socialisme ou Barbarie* (see below).

Some of the drawbacks associated with an attempt, such as that of Cliff, to analyse the U.S.S.R. as a state capitalist social formation, might seem to be avoided if it is held that the functioning of Soviet 'state capitalism' differs fundamentally from that of the 'orthodox' contemporary forms of the capitalist mode of production. Thus Paul Mattick, who rejects the thesis that the Soviet economy is regulated on the basis of the law of value, considers that

. . . it is the semblance of capitalist market relations within the state controlled economy which suggests the continued validity of the law of value under the now modified conditions of capitalist production. Actually, however, the law of value cannot be "operative" because the market relations are artificial, not real. The planning authorities merely orient their plans on the model of the capitalist market economy, for they cannot organise production and distribution in accordance with socialist principles and they no longer dare to deal with the realities of exploitation and capital accumulation in open forms such as

characterised the first period of the Russian state socialist²⁴ regime. (Mattick, 1969, p. 322)

To the extent that the law of value does not govern the production and distribution of the means of production in the Soviet economy, nor even, except in an indirect way, the production of consumer goods, there is no cause to question Mattick's account. His essential thesis, however, asserts much more than this. He maintains that in the U.S.S.R.

. . . the socialisation of the means of production is here still only the nationalisation of capital as capital. Though private ownership no longer exists, the means of production still have the character of capital because they are controlled by government instead of being at the disposal of the whole of society. Although private capital accumulation is now excluded, the exploitation of men by men continues by way of an unequal system of distribution in both the conditions of production and the conditions of consumption. This inequality perpetuates competition as a struggle for the more lucrative positions and better-paid jobs, and carries the antagonisms of capitalism into the state capitalist system. (Mattick, 1969, p. 322)²⁵

For Marx, however, the class character of a social formation was in no sense a function of the prevailing relations of distribution, but was rather rooted in and inseparable from the dominant relations of production, which specify a determinate mode of the appropriation of surplus-labour. Thus, the income differentials used by bourgeois sociologists as criteria delimiting social classes are themselves merely a reflection of the relations of production:

Distribution is itself a product of production, not only in its object, in that only the results of production can be distributed, but also in its form, in that the specific kind of participation in production determines the specific forms of distribution, i.e. the pattern of participation in distribution. (PGR, p. 95)

Marx envisaged, moreover, an evolution of the mode of distribution during the transition period, which he saw as being characterised for some time by the continued existence of 'bourgeois right' (see Chapter 1). Within the production process, too, the transitional

social formation would still be marked by the persistence of the division between manual and mental labour. It is undeniably the case that such a social formation, whatever its political character, would be unable to obviate the need to retain income differentials and materials incentives for some considerable time. While it is clear that the Soviet bureaucracy has used its administrative monopoly and control of the social surplus product to bring about, and to maintain, a hypertrophy of its own material status, it can therefore be expected that 'an unequal system of distribution in both the conditions of production and the conditions of consumption' will persist for much of the transition period in any post-capitalist social formation. This cannot be regarded as being in any way synonymous with that form of exploitation which occurs within the capitalist mode of production, nor is it assimilable, in any meaningful sense, to the exploitative relationships characteristic of pre-capitalist modes of production.

It is also necessary to reject Mattick's assertion that the means of production in the Soviet social formation have the character of capital 'because they are controlled by government instead of being at the disposal of the whole of society'. While it is important to recognise the distinction between the nationalisation of the means of production and their complete socialisation, which can only be the result of an extended process of transformation in the course of which the reproduction of all the conditions of existence of the capitalist mode of production is suppressed, the extent of social control of the means of production is in no sense an 'index' of their character as capital. The means of production can only constitute capital when they function within the framework of a specific complex of social relations. In Marx's words:

A Negro is a Negro. He only becomes a slave in certain conditions. A cotton-spinning jenny is a machine for spinning cotton. It becomes *capital* only in certain relations. Torn from these relationships it is no more capital than gold in itself is money or sugar the price of sugar. . . .

Capital . . . is a social relation of production. *It is a bourgeois production relation*, a production relation of bourgeois society. Are not the means of subsistence, the instruments of labour, the raw materials of which capital consists, produced and accumulated under given social conditions, in definite social relations? Are they not utilised for new production under given social con-

ditions, in definite social relations? And is it not just this definite social character which turns the products serving for new production into *capital*? (Karl Marx, *Wage Labour and Capital*, MESW/1, pp. 71–93)

C. L. R. James, at one time a political colleague of Dunayevskaya,²⁶ has also characterised the Soviet Union as a state capitalist social formation, basing his exposition on a passage from the first of the *Economic and Philosophical Manuscripts*, in which Marx stated that:

It is true that we took the concept of *alienated labour* (*alienated life*) from political economy as a result of the *movement of private property*. But it is clear from an analysis of this concept that, although private property appears as the basis and cause of alienated labour, it is in fact its consequence, just as the gods were *originally* not the cause but the effect of the confusion in men's minds. Later, however, this relationship becomes reciprocal. (PEW, p. 332)

If alienated labour is indeed prior to private property, James argues, it then becomes apparent that the mental degradation and dehumanisation which are so obviously a feature of the production process in the U.S.S.R. can only mean that the Soviet social formation 'is the ultimate, the most complete expression of class society, a society of alienated labour'. (James, 1964, p. 27)²⁷ Developing this theme, James cites Lenin to the effect that:

Under capitalism, democracy is restricted, cramped, curtailed, mutilated by all the conditions of wage slavery, and the poverty and misery of the people. This and this alone is the reason why the functionaries of our political organisations and trade unions are corrupted – or rather tend to be corrupted – by the conditions of capitalism and betray a tendency to become bureaucrats, i.e., privileged persons divorced from the people and standing *above* the people.

This is the *essence* of bureaucracy; and until the capitalists have been expropriated and the bourgeoisie overthrown, *even* proletarian functionaries will inevitably be "bureaucratised" to a certain extent. (SR, p. 347)

The massive bureaucratisation of the Soviet state derives, he

maintains, precisely from 'all the conditions of wage-slavery, the poverty and misery of the masses' which are themselves the resultant of alienated labour, and it is impossible to demonstrate that 'this gigantic bureaucratic mechanism in Russia confronts the individual worker with economic and political consequences other than those of capitalism'. (James, 1964, p. 28)

From the context in which the quoted passage occurs, and indeed from Marx's whole treatment of the theme of alienated labour in the 1844 Manuscripts, there is in fact every reason for thinking, with Mandel, that in it

. . . Marx is not dealing . . . with the problem of the historical origin of private property but rather with the problem of its nature, of how it reappears daily in a mode of production based on alienated labour. (Mandel, 1971b, p. 161)²⁸

What is in any case beyond dispute is that in *The German Ideology* and the *Grundrisse*, the order is reversed, and private property is presented as analytically antecedent to alienation.

There is, moreover, no basis for the assumption, implicit in James' exposition, that alienation was, for Marx, a phenomenon limited to the capitalist mode of production. While it is certainly true that he located alienation in the exchange relation, expressed in the fetishism of commodities, it is also clear that alienation 'does not refer to simply one structure of human existence', but that there are indeed 'three principal structures of alienated existence in Marx's theory', consisting respectively in the alienation of labour from its product, human self-alienation, and the alienation of man from man. (Walton and Gamble, 1976, pp. 14-15)

The first and second of these, it is evident, would present themselves not only in social formations dominated by capitalist relations of production but would also have been evident, historically, under the dominance of feudalism. The third, however, arises only in social formations in which

. . . the labour of the private individual manifests itself as an element of the total labour of society only through the relations which the act of exchange establishes between the products, and, through their mediation, between the producers. (CAP, I, 165)

Within the context of capitalist commodity production, alienation

thus takes the historically specific form of commodity fetishism, which imposes itself on social agents as both mystification and domination. (See Geras, 1972, p. 287) Under capitalism, moreover, domination is expressed not merely in the fact that the products of labour acquire a life of their own, but is realised in the process whereby the creative power of the worker's labour

. . . establishes itself as the power of capital, as an *alien power* confronting him. He *divests* himself of labour as the force productive of wealth; capital appropriates it, as such. The separation between labour and property in the product of labour, between labour and wealth, is thus posited in this act of exchange itself. . . . Thus the productivity of his labour, his labour in general, in so far as it is not a capacity but a motion, *real* labour, comes to confront the worker as an *alien power*; capital, inversely, realizes itself through the *appropriation of alien labour*. (PGR, p. 307)

Ultimately, however, the basis of all forms of alienation can be seen to lie in the division of labour, as the proximate consequence of the attempt by human beings to overcome the milieu of scarcity. While it is important to recognise the historical specificity of the forms in which alienation can manifest itself, it is also necessary to understand the historical roots of alienation. Thus Marx, discussing the history of commodity relations and the money form, considered it important to reject as utopian the aspirations of Thomas Carlyle and others for a return to the conditions of a pre-capitalist and supposedly non-alienated past:

It has been said and may be said that this is precisely the beauty and the greatness of it [that is, commodity exchange and the market]: this spontaneous interconnection, this material and mental metabolism which is independent of the knowing and willing of individuals, and which presupposes their reciprocal independence and indifference. And, certainly, this objective connection is preferable to the lack of any connection, or to a merely local connection resting on blood ties, or on primeval, natural or master-servant relations. Equally certain is it that individuals cannot gain mastery over their own social interconnections before they have created them. But it is an insipid

notion to conceive of this merely *objective bond* as a spontaneous, natural attribute inherent in individuals and inseparable from their nature (in antithesis to their conscious knowing and willing). This bond is their product. It is a historic product. It belongs to a specific phase of their development. The alien and independent character in which it presently exists *vis-à-vis* individuals proves only that the latter are still engaged in the creation of the conditions of their social life, and that they have not yet begun, on the basis of these conditions, to live it. It is the bond natural to individuals within specific and limited relations of production. Universally developed individuals, whose social relations, as their own communal relations, are hence also subordinated to their own communal control, are no product of nature, but of history. The degree and the universality of the development of wealth where this individuality becomes possible supposes production on the basis of exchange values as a prior condition, whose universality produces not only the alienation of the individual from himself and from others, but also the universality and the comprehensiveness of his relations and capacities. In earlier stages of development the single individual seems to be developed more fully, because he has not yet worked out his relationships in their fullness, or erected them as independent social powers and relations opposite himself. It is as ridiculous to yearn for a return to that original fullness as it is to believe that with this complete emptiness history has come to a standstill. (PGR, pp. 161-2).

If it is indeed the case, as has been argued (see Chapter 5), that commodity exchange in the sphere of consumer goods must continue to exist for some time during the transition, it is apparent that the forms of alienation associated with commodity relations must likewise persist. Similarly, alienation consequent upon the division of labour, and, in particular, the differentiation into manual and mental labour, can only be progressively abolished over a long period. James' treatment shows no evidence that he is even aware of the several dimensions of alienation. On the contrary, it is apparent that he conflates them, arguing at one point that 'In a society of alienated labour, that is to say, in a society of such low productivity as compels the antagonisms of alienation, the idea of a planned economy is a fiction'. Shortly thereafter, and from quite different premises, he goes on to maintain that

The plan is the result of the freedom of individuals in society. No plan of bureaucrats, class or caste, can create anything else but chaos and crisis. As long as a section of society other than the proletariat controls the surplus labour, the plan can become the greatest calamity that can befall human society. (James, 1964, p. 28)

In effect, James wishes simultaneously to maintain that planning in the U.S.S.R. is a fiction because the low level of productivity reproduces capitalist social relations and alienation, and that it is fictitious by virtue of being bureaucratic rather than the result of the conscious regulation of production by the associated producers. These theses are, however, mutually incompatible. In a more recent exposition of his views James (who died in 1976) has been led to characterise the Soviet social formation as being merely the 'purest' example of a historically new state capitalist mode of production which he sees emerging on a world scale.²⁹

LENINISM AND LIBERTARIAN SOCIALISM: SOCIALISME OU BARBARIE

The problematic, implicit in the work of Dunayevskaya, whereby relations of production, as a theoretical concept, are reduced to the concrete relations within the production process, is made explicit in the writings of Paul Cardan³⁰ and the French group *Socialisme ou Barbarie*. In a programmatic document issued in 1961 by this group, together with others from Italy, Belgium, and Britain, it is stated that the relations of production in all existing social formations are capitalist relations 'because they are based on wage labour'. This, it is argued, is as much the case in the Soviet Union and Eastern Europe as it is in the West, with the only difference that 'a bureaucracy has taken over the functions of management of the economy and of the State previously performed by private capitalists'. This has not, however, transformed 'the relations of production, the contradiction between rulers and ruled in the productive process' (although it has allowed the bureaucracy in these social formations 'to proceed with an extremely rapid accumulation of capital, based on an intense exploitation of labour') since

Neither 'nationalisation' nor 'planning' eliminate classes and the struggle between them. Whether they be in private hands or 'nationalised' the means of production will never be genuinely collective property as long as the workers do not, *in fact*, dispose of them, in other words as long as the workers do not directly and totally manage production, determining both its methods and its objectives.³¹

Within this problematic, Cardan himself differentiates between Soviet bureaucratic (state) capitalism, originating in the degeneration of a proletarian revolution (and reproduced in Eastern Europe through the incorporation of a number of social formations into the sphere of Soviet domination), and its counterpart in China, North Korea, Vietnam, and Cuba, in which 'the bureaucracy substitutes itself . . . for the bourgeoisie as the social stratum carrying out the task of primitive accumulation'. (Cardan, 'Bolshevism', p. 6) He rejects the 'orthodox' Trotskyist account of the bureaucratic degeneration of the proletarian revolution in the Soviet Union, arguing that

The backwardness of the country, its isolation and the widespread devastation—all indisputable facts—could equally well have resulted in a straight-forward defeat of the Revolution and in the restoration of classical capitalism. But what is being asked is precisely why no such simple defeat occurred, why the revolution defeated its external enemies only to collapse internally, why the degeneration took the *specific* form that led to the power of the bureaucracy. (Cardan, 'Bolshevism', p. 4)

The answer, he claims, is to be found in the Leninist theory of the vanguard party and, underlying this, in the nature of the Bolsheviks' conception of socialism and of the forms of the transition:

They certainly wished to abolish private property and the anarchy of the market, but not the type of organisation that capitalism had achieved at the point of production. They wished to change the *economy*, and the pattern of ownership, and the distribution of wealth, but not the relations between men at work and the nature of work itself. (Cardan, 'Bolshevism', p. 17)

Any attempt to isolate the nature of the Bolshevik Party and of

Leninist organisational theory as the determining factor in the bureaucratisation of the Soviet state must, however, be rejected, as also must any suggestion that the degenerative process was the inevitable outcome of the backwardness and isolation of the Soviet social formation (see Chapter 3). To the extent that it is possible to isolate any one moment of this process, which resulted from a complex interaction of 'factors' within and between the different levels of the Soviet social formation, it is evident that

*Stalin's victory was not the result of the Leninist "theory of organisation" but the result of the disappearance of a decisive component of this concept: the presence of a broad layer of worker cadres, schooled in revolution and maintaining a high degree of activity, with a close relationship to the masses . . . Lenin would in no way have denied that in the absence of this factor the Leninist concept of the party could turn into its opposite.*³²

More fundamentally, however, Lenin's theory of the vanguard party is, for *Socialisme ou Barbarie*, inseparable from his and the Bolesheviks' conception of the transition to socialism and of the role, within that transition, of the proletariat itself. A central concept in many of Lenin's treatments of this theme was that of 'accounting and control'. Thus, in the 1917 article *Can the Bolsheviks Retain State Power?* he wrote that

When we say: "workers' control", always *juxtaposing* this slogan to dictatorship of the proletariat, always putting it *immediately after* the latter, we thereby explain what kind of state we mean . . . if we are speaking of a proletarian state, *that is*, of the proletarian dictatorship, then workers' control *can* become the country-wide, all-embracing, omnipresent, most precise and most conscientious *accounting* of the production and distribution of goods. (Lenin, 'Power', p. 375)

This conception has been criticised by Maurice Brinton, the leading theorist of the British counterpart of *Socialisme ou Barbarie*, the group *Solidarity*, who argues that

Nowhere in Lenin's writings is workers' control ever equated with fundamental decision-taking (i.e. with the *initiation* of

decisions) relating to production (how much to produce, how to produce it, at what cost, at whose cost, etc.). . . .

Lenin's notion of workers' control (as a means of preventing lock-outs) and his repeated demands for the 'opening of the books' (as a means of preventing economic sabotage) referred both to the immediate situation, *and to the months which were to follow the revolution*. He envisaged a period during which, in a workers' state, the bourgeoisie would still retain the formal ownership and effective management of most of the productive apparatus. The new state, in Lenin's estimation, would not be able immediately to take over the running of industry. There would be a transitional period during which the capitalists would be coerced into co-operation. Workers' control was seen as the instrument of this coercion. (Brinton, 1970, pp. 12-13)

There can be no doubt that this represents a reasonably accurate account of the Bolsheviks' conception of workers' control, but it is difficult to understand the basis for Brinton's criticism. Elsewhere in the same work he himself distinguishes, as indeed did Lenin,³³ between workers' control and workers' management, defining the former as the supervision, inspection, and checking of decisions initiated by others. (See Brinton, 1970, *Introduction*, p. ii) It is, therefore, illogical of him to criticise Lenin for failing to equate workers' control with the initiation of fundamental decisions relating to production, which, as he himself states, is the essence of workers' self-management.

Brinton points out, correctly, that the factory committees and the soviets constituted organs through which the management of society by the workers themselves might have been effectively ensured. That the soviets did, indeed, represent organs of workers' self-government was undoubtedly Lenin's own view. Their degeneration and *de facto* monopolisation by the Bolsheviks was, as has already been argued, a function of the 'substitutionism' which was a consequence of the decimation of the Soviet proletariat in the Civil War and of the pivotal role which the Bolshevik Party had played in shaping the course of the revolution. The party's relationship to the factory committees was, however, a rather different one.

Brinton himself, throughout his analysis, seems implicitly to regard the factory committees as having constituted the only real expression of the dictatorship of the proletariat in the Soviet Union, which was therefore liquidated when the factory committees were

fused with, and effectively subsumed under, the trade union organisations in January 1918.³⁴ These committees, which first appeared in March 1917, and which were given legal status by a decree of the Provisional Government a month later, were doubtless a central element of the Russian labour movement in that year and the loci of the most significant political activity. Nevertheless, as Goodey has emphasised: 'It is a grotesque mistake to assume that the factory committees *were* the Russian proletariat. If, as the libertarian argument insists, there was a nascent bureaucracy in 1917, then the factory committees were part of it'. (Goodey, 1974, p. 30)³⁵ Goodey argues persuasively that there was not, as Brinton maintains, a radical disjunction between Lenin's programme of workers' control and the views of the factory committees, whose leaders were actually associated from the very beginning with the Bolsheviks' attempt to construct a new, centralised economic apparatus and to expand the forces of production. This centralisation of economic institutions was to crystallise in the establishment in 1918 of the Supreme Council of the National Economy, or *Vesenkha* (*Vysshi Sovet Narodnogo Khozyaistva*). According to a participant and subsequent historian of the period, the whole concept of *Vesenkha*

... was actually initiated and given shape within the movement of factory committees itself. The Central Soviet of Factory Committees took a very active part in its formation, gave it its own best workers and offered its apparatus to it. The factory committees of Petrograd, who at their First Conference of May 1917 had proclaimed workers' control, buried it unanimously at their Sixth Conference.³⁶

Carr, similarly, has stated that the *Vesenkha*

... replaced, absorbed and superseded the machinery of workers' control. ... In some cases there was even apparently continuity of organisation: the Petrograd regional council of workers' control – perhaps one of the few firmly established organs of workers' control – transformed itself into the Petrograd regional council of national economy. (BR, II, 74)

What Brinton has characterised as the Bolshevik Party's struggle against workers' self-management in Soviet industry was, in reality,

a debate, taking place inside and outside the Party, on how best to construct a cohesive, country-wide framework within which to develop the Soviet economy. In the event, this debate proved to have been largely academic since, within a few months, large numbers of workers, including many of the most militant and progressive elements, had left Moscow and Petrograd to fight in the Civil War which was then beginning, and many factories had been closed because of a shortage of raw materials.

The recognition of this fact should not, however, be allowed to obscure a much more fundamental point, which Brinton makes very effectively when he writes that

. . . the 'proletarian' nature of the regime was seen by nearly all the Bolshevik leaders as hinging on the proletarian nature of the Party that had taken power. None of them saw the proletarian nature of the Russian regime as primarily and crucially dependent on the exercise of workers' power *at the point of production* (i.e. on workers' management of production). It should have been obvious to them, as Marxists, that if the working class did not hold economic power, its 'political' power would at best be insecure and would in fact soon degenerate. The Bolshevik leaders saw the capitalist organisation of production as something which, in itself, was socially neutral. It could be used indifferently for *bad* purposes (as when the bourgeoisie used it with the aim of promoting private accumulation) or *good* ones (as when the 'workers' state used it 'for the benefit of the many'). . . . What was wrong with capitalist methods of production, in Lenin's eyes, was they had in the past served the bourgeoisie. They were now going to be used by the Workers' State and would thereby become 'one of the conditions of socialism'. It all depended on who held state power. (Brinton, 1970, pp. 42-3)

While it is certainly true that the immediate introduction of workers' self-management, as advocated by the Workers' Opposition and others, was unfeasible and indeed largely irrelevant in the aftermath of the Civil War, it can justifiably be argued that the systematic encouragement of the growth of proletarian power within the production process itself was not an integral part of Lenin's concept of the transition.³⁷ This lacuna, as Brinton indicates, was inextricably bound up with Lenin's conception of capitalist technique and methods of labour organisation as being

intrinsically 'neutral', as reflected in his treatment of the relationship between state monopoly capitalism and socialism (he characterised the former as 'a complete *material* preparation' for the latter), and in his advocacy of the Taylor system.³⁸ Lenin's methodology was effectively predicated on a problematic which assigned the forces and the relations of production to the 'infrastructure' and the 'superstructure' respectively (that is, to the economic level of the social formation, on the one hand, and the political and ideological levels, on the other). Thus, in an article written in April 1918, he averred that: 'The possibility of building socialism depends essentially upon our success in combining the Soviet power and the Soviet organisation of administration with the up-to-date achievements of capitalism'. (Lenin, 'Tasks', p. 417) The same approach, together with the problematic underlying it, was more graphically expressed in Lenin's reference, a month later, to Germany and Russia as representing

. . . two unconnected halves of socialism existing side by side like two future chickens in the single shell of international imperialism. In 1918 Germany and Russia have become the most striking embodiment of the material realisation of the economic, the productive and the socio-economic conditions for socialism, on the one hand, and the political conditions, on the other. (Lenin, 'Mentality', p. 444)

This problematic is actually to be found in its most finished form in Bukharin's *Economics of the Transformation Period*, whose author asserted that the 'different functional significance of the entire process of production' under capitalism, on the one hand, and in a workers' state, on the other, 'is provided by the distinction in property relations and in the class character of state power'. (Bukharin, 'Economics', p. 122) It is also evident in the passage from Trotsky's *Terrorism and Communism* cited above. Both works defend the compulsory militarisation of labour which took place during the period of War Communism, and Trotsky advocated the utilisation of capitalist techniques of labour control in the production process with the argument that

Under capitalism, the system of piece-work and of grading, the application of the Taylor system, etc., have as their object to increase the exploitation of the workers by the squeezing-out of

surplus value. Under socialist production, piece-work, bonuses, etc., have as their problem to increase the volume of the surplus product, and consequently to raise the general well-being. (TC, p. 159)³⁹

Such a problematic, it is clear, effectively obliterates the dialectical character of Marx's account of the development of the productive forces, or technical relations of production, within the social relations of production of capitalism. The essence of Marx's treatment of this theme is well exemplified by the following passage from the Chapter on 'The Division of Labour and Manufacture' in the first volume of *Capital*:

As a specifically capitalist form of the process of social production – and, on the foundations available to it, it could not develop in any other form than a capitalist one – the division of labour in manufacture is merely a particular method of creating relative surplus-value, or of augmenting the self-valorization of capital – usually described as social wealth, 'wealth of nations', etc. – at the expense of the worker. Not only does it increase the socially productive power of labour for the benefit of the capitalist instead of the worker; it also does this by crippling the individual worker. It produces new conditions for the domination of capital over labour. If, therefore, on the one hand, it appears historically as an advance and a necessary aspect of the economic process of the formation of society, on the other hand, it appears as a more refined and civilized means of exploitation. (CAP, I, 486)

Later in the same work, Marx argued even more pointedly that

. . . within the capitalist system all methods for raising the social productivity of labour are put into effect at the cost of the individual worker . . . all means for the development of production undergo a dialectical inversion so that they become means of domination and exploitation of the producers; they distort the worker into a fragment of a man, they degrade him to the level of an appendage of a machine, they destroy the actual content of his labour by turning it into a torment; they alienate from him the intellectual potentialities of the labour process in the same proportion as science is incorporated in it as an independent power; they deform the conditions under which he

works, subject him during the labour process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the juggernaut of capital. (CAP, I, 799)

It is not surprising, therefore, that Marx expressed the view that labour discipline would 'become superfluous under a social system in which the labourers work for their own account'. (CAP, III, 83) He emphasised, however, that the emergence of a mode of production based on the collective ownership of the means of production did not imply the disappearance of all authority, which would still be necessary to co-ordinate the sectoral operations of the labour process at the level of the enterprise as a whole. He based this conclusion on the premise that, in the capitalist economy, the function of superintendence and management has a necessarily dual character, reflecting the dichotomous basis of production itself:

If capitalist direction is twofold in content, owing to the twofold nature of the process of production which has to be directed – on the one hand a social labour process for the creation of a product, and on the other hand capital's process of valorization – in form it is purely despotic. As co-operation extends its scale, this despotism develops the forms that are peculiar to it. (CAP, I, 450)⁴⁰

It was precisely these despotic forms assumed by the organisation and supervision of the labour process under capitalism which, Marx considered, would be rendered superfluous in a collectivised and planned economy.⁴¹ More than this, however, it is in the essence of Marx's account that

The mark of capital is inscribed in the economic relations developed at the level of labour relations in the process of production: by a certain technical division of labour, by the externalisation of labour, by the alienation of the workers, by a hierarchical organization of labour, and by the opposition of manual and intellectual work. A true transformation of this laboratory of capital requires the modification of all these elements and the substitution of new relations at the heart of the process of production. These alterations would allow the producers to affirm themselves as masters of their activity, of

production, and of the productive forces they bring into play. This moment of transformation of the production processes leads to a complete upheaval in the social and political forms reproducing, on the level of social relations, the conditions for the functioning of capital.⁴²

Bettelheim, similarly, has insisted on a conception of the transition which recognises that capitalist technology and organisational forms in the production process are in no sense 'neutral', but are rather modelled in accordance with the imperatives of capital itself, so that the straightforward transfer and 'adaptation' of such forms into a newly-established workers' state may actually impede the development of the productive forces.⁴³

It is necessary to recognise the faulty perspective of Lenin and the Bolshevik Party in this respect, and to acknowledge that this perspective contributed in no small way to the eventual bureaucratisation of the first workers' state. At the same time, however, there is no basis for Brinton's assertion that Bolshevism actually represented

. . . the last garb donned by a bourgeois ideology as it was being subverted at the roots . . . the last attempt of bourgeois society to reassert its ordained division into leaders and led, and to maintain authoritarian social relations in all aspects of human life. (Brinton, 1970, p. 85)

The dictatorship of the party over the proletariat was never Lenin's intent, nor did he espouse the dogma of the monolithic party attributed to him by his eventual successor, who was himself its true creator. Lenin's own struggle against bureaucratism towards the end of his life, afterwards carried forward by Trotsky, constitutes in itself the most convincing refutation of Brinton's thesis.

7 Conclusions

Trotsky's analysis of the nature of the Soviet social formation and of its party-state bureaucracy, of which *The Revolution Betrayed* represents the most fully-formed exposition, continues to provide the most coherent framework for an understanding of the socio-economic and political development of the first workers' state since the October Revolution. His problematic of the 'bureaucratically degenerated workers' state' is complemented by the insights developed by Preobrazhensky in *The New Economics*, in which he located the dominant contradiction of the transition period between capitalism and socialism in the ultimately irreconcilable dynamics of the plan and the market, which respectively correspond, in the last instance, to the antagonistic class interests of the proletariat and the bourgeoisie. This contradiction itself represents the immanent form of the underlying contradiction in the transitional social formation: the non-correspondence between the dominant social relations of production and the productive forces, whereby the inadequate development and still intrinsically 'capitalist' character of the latter continue to prevent their fully social appropriation and conscious setting in motion by the associated producers. Its resolution coincides with the suppression of the reproduction of all the conditions of existence of capitalist social relations, which can only be realised in the context of an authentic proletarian political practice intervening at all levels of the transitional social formation.¹ The assertion by Mandel, in his *Marxist Economic Theory*, that the necessity for a transition period 'follows precisely from the fact that on the morrow of the abolition of capitalism, society is still living in a situation of relative shortage of consumer goods' (Mandel, 1968, p. 632) must, on this view, be rejected as being incomplete.²

It is, indeed, in its criticism of a pre-occupation with the quantitative expansion of productivity in conceptualising the transition period that the essential value of the work of Bettelheim may be acknowledged to consist, although his approach has been

vitiated to the extent that it has led him towards a theory of the primacy of politics and ideology. His attempt to assimilate Trotsky's apprehension of the transition to that of Stalin – duplicated in the writings of Hindess, Lock, and others – is, moreover, without foundation. Trotsky's problematic was very far from being one of 'economism' when he wrote in 1935, for example, that:

In contradistinction to capitalism, socialism is built not automatically but consciously. Progress towards socialism is inseparable from that state power which is desirous of socialism, or which is constrained to desire it. Socialism can acquire an immutable character only at a very high stage of development, when its productive forces have far transcended those of capitalism, when the human wants of each and all can obtain bounteous satisfaction, and when the state will have completely withered away, dissolving in society. But all this is still in the distant future. At the given stage of development, the socialist construction stands and falls with the workers' state. (Trotsky, 'Thermidor', pp. 42–3; cf. RB, p. 250)

While Hindess would doubtless still see in this a confirmation of his thesis that in Trotsky's analysis the class struggle is 'relegated to a secondary level of effectivity whose function is to clear away the more pressing obstacles to the forward march of the productive forces' (Hindess, 1976, p. 2), and Lock support for his own contention that Trotsky's account of the degeneration of the dictatorship of the proletariat in the Soviet Union is 'unilaterally *political*',³ both commentators effectively denegate the essential point: Trotsky's emphasis on the role of consciousness in the construction of socialism. This was expressed, however – above all in *The Revolution Betrayed* – not in the form of a Stalinist voluntarism (see note 11 below), but in terms of the expansion of participation, initiative, and creativity, based on an authentic democracy in the party and the soviets, and in production and consumption. The self-development and revolutionary transformation of the working class, as itself the principal force of production, was thus in Trotsky's approach inseparably a part of the 'forward march of the productive forces'. It was precisely because of the suppression of soviet democracy, as the condition of this self-development, and the substitution for it of the dictatorship of the bureaucracy, that the 'class struggle' in the U.S.S.R. necessarily took the form which Lock rightly condemns: the expansion of the system of material

incentives and bureaucratic-managerial privileges and the simultaneous hypertrophy of the repressive state apparatus.

Marx, discussing the concept of abstract labour as the creator of exchange-value, pointed out that 'As a rule, the most general abstractions arise only in the midst of the richest possible concrete development, where one thing appears as common to many, to all. Then it ceases to be thinkable in a particular form alone'. (PGR, p. 104) Only when the abstraction from the concrete and particular form of labour had been realised in practice, that is, when workers could actually transfer from one kind of labour to another, so that labour was no longer organically linked with particular individuals in a specific form (a process which, when Marx wrote, had advanced furthest in the United States, as the most progressive variant of bourgeois society), was it possible, he argued, for the category of labour *per se* to emerge in theory.⁴ Thus, he concluded:

This example of labour shows strikingly how even the most abstract categories, despite their validity – precisely because of their abstractness – for all epochs, are nevertheless, in the specific character of this abstraction, themselves likewise a product of historical relations, and possess their full validity only for and within these relations. (PGR, p. 105)

The Soviet social formation was, from its inception, characterised by a pronounced socio-economic underdevelopment. This has indeed been true of all those workers' states which have subsequently been established (while it might be argued that East Germany and Czechoslovakia, both relatively advanced – although with their economies disrupted by the effects of the war – constituted exceptions to this schema, the essential point is surely that they became 'deformed workers' states' under the influence of the Soviet Union itself, which reproduced within them its own bureaucratised socio-economic and political structures). In this context, Mandel has pointed out that by analogy with Marx's account of the development of the concept of abstract labour, it can be expected that

Only when we have had actual experience of a *mature* transitional society between capitalism and socialism will a "pure" socio-economic theory of such a society be possible . . . It is, therefore, at least possible, if not probable, that what today *seem* to be

“general” features of this transitional society are in reality peculiarities having less to do with the internal logic of such a society than with the conditions of socio-economic underdevelopment. (Mandel, 1974a, p. 8)

Moreover, as Hindess has argued, in an appraisal of the work of Bettelheim (although his strictures apply equally to the analyses of Shachtman, Cliff, and others),

. . . the absence of a rigorous definition of the socialist mode of appropriation of surplus-labour means that the domination of socialist relations of production in the period of transition tends to be identified with specific forms of domination of the workers over the means of production. . . . In the case of the system of state enterprises . . . the dominance of socialist relations is identified with certain specific forms of domination of the workers with respect to the political apparatus of the state. Thus an economic relation is conflated with what are thought to be its political conditions of existence. Unfortunately, the definition of socialist relations of production in terms of these particular conditions fails to establish the necessity of those conditions in the concept of socialist relations of production itself. This means that there can be no rigorous determination of the precise significance of rather different political forms in transitional social formations characterized by state property in the form of a system of state enterprises. (Hindess, 1976, p. 19)

When a relatively mature transitional social formation does eventually emerge, it may presumably be taken to constitute what Marx referred to, in the *Critique of the Gotha Programme*, as ‘the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society’, and ‘which is thus in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society from whose womb it emerges’. Marx and Engels were surely wrong, however, in their assertion that commodity relations would be immediately suppressed in the economy of transition. The persistence of commodity exchange is first and foremost a consequence of the still inadequate development of the productive forces, which necessitates the retention of the monetary standard in the distribution of consumption goods. These

goods thus retain the character of commodities, although this is not, as in capitalist commodity production, the result of autonomous private labour. In the U.S.S.R., however, and to a much greater extent in Poland and Yugoslavia, the agricultural sector continues to be a locus of commodity production *per se*. The distribution of consumer goods produced in the state sector, in which the phenomena of unsaleability and the non-realisation of exchange-value associated with the capitalist market are apparent, is, moreover, 'distorted' by the existence of rationing and of the black market, together indeed with the continuing problem of the low quality of many of these goods.⁵ The means of production in the Soviet Union do not, contrary to the arguments of Bettelheim and Hindess, have a commodity character. The fact that capital goods, as well as consumer goods, can be and are diverted into 'parallel channels', thereby escaping the control and dictates of central planning, does not substantially contradict this thesis. It is itself an effect, rather than a cause, of the survival of commodity-money relations in the transition period, and is facilitated precisely because planning is bureaucratic and vicarious rather than consisting in the full and conscious control of the process of production by the associated producers.

Given the fact that consumer goods continue to be produced for an 'anonymous' market and to be exchanged against money during the transition period, it is evident that commodity fetishism, as a form of alienation, will also continue to exist, as indeed will those forms of alienation reproduced within the structure of the division of labour, which is itself rooted ultimately in the milieu of scarcity. This in itself invalidates the central premises of James' characterisation of the U. S. S. R. as a state capitalist social formation, as well as, incidentally, the thesis of the Yugoslav economist Branko Horvat that workers' self-management in the production process, without the intervention of the state, is synonymous with the suppression of alienation.⁶

In the context of the survival of the monetary standard in the economy of transition, it is possible for the plan to utilise market mechanisms in order to ensure a more responsive adaptation of the supply of consumer goods to the demand for these goods.⁷ Moreover, since it is necessary to maintain a strict accounting in terms of the real costs of production (cf. CAP, III, 830), the persistence of a money wage implies that this will be effected in monetary form, it being in any case apparent that a stable currency

is by far the most suitable medium for this purpose. (See Mandel, 1972, p. 15) While such calculations, in the form of monetary inputs and outputs, must be undertaken for all enterprises, including those producing capital goods, their results do not directly determine the allocation of investment. Clearly, however, such accounting entails the possibility – all the more real in a bureaucratised workers' state – that the workers' incomes will be linked to the relative productivity of their labour through the calculation of individual enterprise profitability (the incomes of the managerial bureaucracy are already, of course, closely tied to their enterprises' 'profits') and the integrity of planned relations thereby undermined. This is, in fact, the rational core of Bettelheim's obfuscatory treatment of the dichotomy economic/monetary accounting in the Soviet context.

The necessary recognition of these features of the transitional economy must not, however, be in any sense equated with the position adopted by those commentators who have taken the designation 'market socialism' at face value. Thus Stuart Holland, while emphasising the need to transcend 'state capitalism', defined as 'intervention by the State to attempt to alleviate or overcome the failures and contradictions in a private capitalist system', simultaneously rejects the 'hidebound' assumption that 'because the market exploits the working class under capitalism, it must be abolished with the transition to socialism'.⁸ Holland's strategy for socialist transformation turns out to be a prescription for precisely that 'state capitalism' which he professes to repudiate.

The thesis that the Soviet bureaucracy constitutes a new bureaucratic class has not been substantiated, above all because none of the theorists who have defended this proposition has been able to define or in any way differentiate the relations of production (mode of appropriation of surplus-labour) into which the 'new class' is supposedly inserted. Moreover, because the bureaucracy has no legal title to state property, and is also unable to turn any part of its income into capital,⁹ it cannot transmit its power and privileges in an 'objective' form to its descendants and thereby perpetuate itself as a discrete social entity. It is theoretically conceivable that some other mechanism might function towards the reproduction of the bureaucracy as a 'class', and differential access to educational advantage would seem to constitute a possible candidate for such a mechanism. There do not exist, however, any concrete analyses of the Soviet social formation which substantiate the contention that it does so.

It is surely significant, in this context, that the bureaucracy has never evolved its own distinctive ideology or autonomous culture. As Mandel has rightly concluded:

The fact that the consistent defence of the private interests of the bureaucrats collides with the immanent logic of the socialized planned economy, instead of being congruent with it, is the clearest proof that the bureaucracy is not a new ruling class. In every class society there is a congruence between the private interests of the ruling class and the immanent logic of the given mode of production . . . The lack of a class ideology specific to the bureaucracy—the fact that it remains incapable of independent ideological production, and has to limit itself to “ideologizing” Marxism, which expresses the class interests of the proletariat, that is to revising and castrating it—is only the reflection of this basic state of affairs of the transitional society in the sphere of social superstructure. (Mandel, 1974a, pp. 17–18)

The attempts by Cliff and Bettelheim to characterise the Soviet social formation theoretically as a regime of state capitalism rest implicitly on a fundamental revision of Marx's concept of the capitalist mode of production (although the terms of this revision are different in each case). In Cliff's analysis (and likewise in those of Binns and Harman), the central determinants of the capitalist dynamic are located in competition and accumulation in the abstract, which are then said to find their expression in military competition between the U.S.S.R. and the West. The theoretical specificity of the concept of the capitalist mode of production, as the production of exchange-values and the appropriation and accumulation of surplus-value, is effectively negated, leaving behind, like the Cheshire Cat, a ‘grin’ in the form of the theory of the ‘permanent arms economy’.

In Cliff's conception, ‘state capitalism’ designates a system of generalised commodity exchange (although he conflates the accumulation of use values with the accumulation of exchange-values) and a unitary state property, which necessarily presupposes an inter-relationship with the world capitalist system. Bettelheim's account, in contrast, does not posit such an international dimension as an essential element of the concept of state capitalism. Here, the realisation and appropriation of surplus-value is effected within the

single state property. This conception must, however, be rejected as being inherently contradictory since, as Marx emphasised, capital can exist only in the form of different capitals, whose mutual interaction itself constitutes the reproduction of the capitalist mode of production.

The analyses of commentators such as Dunayevskaya and – most explicitly – Cardan, who have characterised the Soviet social formation as state capitalist, rest on a problematic in which the concept of capitalist relations of production is effectively conflated with the actual relations of authority, hierarchy, and division of labour within the process of production. The presence of these relations within the economic level of the Soviet social formation is then equated with the dominance of the capitalist mode of production. This methodology is obviously suspect and it should be apparent that the subordination of the enterprises to the state in any transitional social formation is a prerequisite of the integrity of planned relations and their continued reproduction, and thus of the suppression (non-reproduction) of the relations of generalised commodity exchange. This involves, of necessity, a degree of organisational hierarchy and of the differentiation of authority, although in the contemporary U.S.S.R. this is not accompanied by democratic control of the productive process and of the economy as a whole and is thus subordinated to the self-reproduction of bureaucratic power.

The thesis that Stalinism was inherent in the Leninist conception of the vanguard party must be rejected, as also must any tendency to present the bureaucratic degeneration of the first workers' state as the inevitable outcome of the socio-economic underdevelopment of the Soviet social formation, compounded by its isolation and the devastation wrought by the Civil War. It was rather the result of the interaction with the latter of the party and its bureaucratisation, mediated through the state apparatus itself, as 'to a certain degree a bourgeois organ in a workers' state'. Stalin's eventual triumph must, moreover, be related to two problems which are implicit in the concept of the dictatorship of the proletariat as elaborated by Marx and Engels.

Inevitably, the establishment of a workers' state brings with it the problem constituted by what Rakovsky described as 'the professional dangers of power'. While this problem would exist in any social formation transitional between capitalism and socialism, it necessarily assumed a particularly acute form in post-revolutionary

Russia. It was characterised very clearly by Trotsky in his statement in 1919 that

The conquest of power by itself does not transform the working class or bestow on it all the requisite merits and qualities: the conquest of power only opens before it the possibility of really learning, of developing and freeing itself from its historical shortcomings. (Cited in SOC, I, 103)

The other problem was that presented by the question of the 'political mediation' of the dictatorship of the proletariat, left in abeyance by Marx and Engels. Lenin's failure adequately to resolve it was expressed in the non-integration of his theory of the party and his concept of the role of the soviets, and in the consequent political errors constituted by the ban on factions in the party and in the institution of a single-party practice. It was precisely because of this failure that, in Trotsky's words, 'The degeneration of the party became both cause and consequence of the bureaucratisation of the state'. (RB, p. 94) This process received an undoubted stimulus, moreover, from another direction, as a result of the Bolsheviks' apparent inability to understand the essential link between proletarian political power and the exercise of workers' self-management in the process of production. This was itself inextricably bound up with their adherence to a problematic in which technology and the mode of labour under capitalism were seen as being intrinsically 'neutral' rather than as being inevitably structured in accordance with the imperatives of capital.

It was the process of bureaucratic degeneration as thus determined and not merely the so-called 'cult of personality' which formed the cryogen whose glacial contact immobilised socialism and the theory and practice of Marxism in the U.S.S.R. indefinitely,¹⁰ as a consequence of which

The most advanced country in the world in the development of historical materialism, which had outdone all Europe by the variety and vigour of its theorists, was turned within a decade into a semi-literate backwater, formidable only by the weight of its censorship and the crudity of its propaganda. (Anderson, 1976, p. 20)¹¹

No credence can be attached to the view that Stalinism was in

some sense necessary in order to ensure the subordination of the immediate interests of the Soviet masses to the development of a mass industrial base. Moreover, it does not at all follow, even in the conditions of underdevelopment which characterised the emergent Soviet social formation, that the attainment of optimum growth demanded such a subordination of consumer interests and the maximisation of investment in heavy industry. A lower rate of investment, with higher real wages as a stimulus towards greater productivity, would arguably have facilitated far better results than those actually obtained.¹² It cannot, of course, be demonstrated that there was, historically, an alternative, but, as Miliband has observed, to argue that Stalinism was objectively necessary is to abstract from the abundant evidence that the continual repression which Stalin's 'strategy' demanded actually retarded and disorganised the U. S. S. R.'s socio-economic development and crippled every aspect of Soviet life.¹³ It is particularly striking that, almost five decades after its forced collectivisation of agriculture, the Soviet Union is still not self-sufficient in this sphere (although it must be acknowledged that the Second World War, many of whose twenty million Russian dead were drawn from the Soviet countryside, clearly had a catastrophic impact on the agricultural sector). In the words of Roy Medvedev:

Stalin was for thirty years the helmsman of the ship of state, clutching its steering wheel with a grip of death. Dozens of times he steered it onto reefs and shoals and far off course. Shall we be grateful to him because he did not manage to sink it altogether? (Medvedev, 1972, p. 564)

The fact that the Soviet ship of state did not sink altogether might, it could be argued, be adduced as a refutation of Trotsky's thesis of the dual nature of the bureaucracy. In *The Revolution Betrayed*, he had argued that

Two opposing tendencies are growing up out of the depth of the Soviet regime. To the extent that, in contrast to a decaying capitalism, it develops the productive forces, it is preparing the economic base of socialism. To the extent that, for the benefit of an upper stratum, it carries to more and more extreme expression bourgeois norms of distribution, it is preparing a capitalist restoration. This contrast between forms of property and norms of

distribution cannot grow indefinitely. Either the bourgeois norm must in one form or another spread to the means of production, or the norms of distribution must be brought into correspondence with the socialist property system. (RB, p. 244)

While it is clear that, since Stalin's death in 1953 and his subsequent denunciation at the Twentieth C. P. S. U. Congress, some of the trends towards increasing inequality have been reversed, inequality in the distribution of administrative power, with its concomitant material benefits, remains, however, the most signal feature of Soviet social relations, although it is no longer buttressed by overt repression in the form of the Stalinist Terror. Of the Terror, it has in fact been argued by Deutscher that

It was one of the effects of the purges that they prevented the managerial groups from consolidating as a social stratum. Stalin whetted their acquisitive instincts and wrung their necks. This was one of the most obscure, least discussed and yet important consequences of the permanent terror. While on the one hand the terror annihilated the old Bolshevik cadres and cowed the working class and the peasantry, it kept, on the other, the whole of the bureaucracy in a state of flux, renewing permanently its composition, and not allowing it to grow out of a protoplasmic or amoeboid condition, to form a compact and articulate body with a socio-political identity of its own. In such circumstances the managerial groups could not become a new possessing class, even if they wanted to – they could not start accumulating capital on their own account while they were hovering between their offices and the concentration camps. (PO, pp. 306–7)

It was nevertheless the case that the principal factor responsible for maintaining the integrity of the workers' state was the fact that 'the social revolution, betrayed by the ruling party, still exists in property relations and in the consciousness of the toiling masses'. (RB, p. 255) Although Trotsky was in no doubt about the great resilience which this gave to the regime in the U.S.S.R., even he underestimated its full extent. While the history of the October Revolution was to be repeatedly and extensively re-written by the party historians under Stalin, the power and privileges of the bureaucracy, as Trotsky was so often to emphasise, continued to be predicated upon, and inseparable from, the state property and

planned relations which that revolution had created. As a consequence, the Soviet bureaucracy necessarily enshrined not only the socio-economic but also, in however distorted a form, the political and ideological continuity of the conquests of 1917. It was therefore inexact to maintain, as did Trotsky himself, that the Soviet proletariat had been 'politically expropriated'. The bureaucratically degenerated workers' state can better be conceptualised as a social formation in which the proletariat has been institutionally excluded from the administration of its own state, a monopoly of which is ensured for the Soviet bureaucracy.

Since Trotsky's death in 1940, events have fully vindicated his and the F. I.'s characterisation of the twentieth century as a 'transitional epoch', that is, a world conjuncture marked by a decaying capitalism, faced with growing structural contradictions and consequent instability, and threatened by the advance of revolution (most recently in Vietnam, Laos, Cambodia, and Angola, all of which have been effectively removed from the orbit of imperialism and the direct pressures of the world capitalist market). The overall revolutionary character of the epoch (not everywhere and immediately expressed) and the consequent weakness of world imperialism have also, without doubt, contributed to the stability of the Soviet regime (although the rise of anti-capitalist forces in partial or complete independence from the Soviet bureaucracy clearly poses a political threat to the latter).

Notwithstanding the extensive changes which have taken place in the Soviet social formation since the death of Stalin, the 'de-Stalinisation' or 'liberalisation' which has occurred can in no sense be equated with a genuine democratisation. This would necessitate the ending of the political-administrative monopoly enjoyed by the party-state apparatus and hence, in Trotsky's phrase, 'the legalisation of soviet parties'. As one of the most prominent members of the Soviet reform movement has stated, however, 'in the Soviet Union today a change to any sort of multiparty system is not possible or feasible'. (Medvedev, 1972, p. 384)¹⁴ It is clear that, notwithstanding the subsequent (and largely posthumous) 'rehabilitation' of many of the victims of Stalin's purges (such as, for example, the Ukrainian Vlas Chubar, who was prominent in the Factory Committee movement of 1917-18, and was elected to the Politburo in 1934 and to the Supreme Soviet in 1937, only to be shot in 1938), it is unlikely that the Soviet leadership will ever undertake such a posthumous vindication of the leaders of the Left and Right

Oppositions.¹⁵ This is certainly not because of the allegedly un-Marxist or anti-Soviet nature of their policies and ideas,¹⁶ which have subsequently been in large measure adopted, without recognition, by Stalin and his successors. The real 'error' of the oppositionists lay rather in the very fact of their opposition. To acknowledge, in however small a measure, the correctness of their ideas, would amount to a historical vindication of this opposition, and thereby a legitimization of such opposition (factions) within the contemporary C.P.S.U. (and, by extension, of competing soviet parties). Such a liquidation of the monolithic character of the party-state apparatus would undermine, and ultimately destroy, the very basis of the bureaucracy's power.

The dilemma, insoluble by reform, remains as it was formulated (better, perhaps, than he knew) by Yevtushenko:

Out of the Mausoleum surely it was him
we fetched?

But how are we to fetch
the Stalin out of Stalin's successors?¹⁷

All the trends observable in Soviet society over the past ten to fifteen years stand in refutation of the prognosis – associated, in particular, with Deutscher – of 'reform from above'. It must nevertheless be admitted that the likely or even possible modalities of the political revolution against the bureaucracy remain as obscure and indefinable as ever. Certainly, when Trotsky formulated this perspective,

He was unaware of the fact that all anti-Stalinist forces had been wiped out; that Trotskyism, Zinovievism, and Bukharinism, all drowned in blood, had, like some Atlantis, vanished from all political horizons, and that he himself was now the sole survivor of Atlantis. (PO, p. 419)

The U.S.S.R. has, however, undergone a whole series of fundamental and extensive changes since the 1930's, when Trotsky elaborated his analysis, in its mature form, of the Soviet social formation. Not the least of these has been the lifting of the Terror, without which, had they occurred at all, other changes would necessarily have far less significance.¹⁸ In particular, as Holubenko has noted:

The educational and cultural level of the Soviet workers has increased and with this have come new expectations. But perhaps the most important factor is that, with the end of primitive accumulation and with the dramatic decline in social mobility over the past two decades, there has arisen for the first time in the Soviet Union a large *hereditary* proletariat. A hereditary proletariat raises the cultural level of the working class and the consciousness of itself as a social force. It is this proletariat which will lead the working class into the political arena – this time with redoubled force. (Holubenko, 1975, p. 25)

While it is essential to recognise the extent and importance of such changes, it is difficult to believe that they will herald, at least in the near future, the ‘purgation of the state apparatus’ and the restoration of soviet democracy. It must be concluded that Timpanaro is correct in his contention that

The Soviet Union is a static reality today – and will remain such for a future which, although it will certainly not be eternal, will last for a span of time which cannot at present be predicted. It can and indeed must be preferred to capitalist states; it is essential to reject those simplistic or false theories according to which capitalism has been, or is in the process of being, restored there. But it no longer constitutes a point of reference for the revolutionary forces of the world. It is not a reality *moving towards communism*. (Timpanaro, 1976, p. 23)

It seems more than probable that only with the overthrow of capitalism and the establishment of workers’ states – vital and free from the ‘bureaucratic distortions’ which marred the early Bolshevik regime – in several of the major European countries, will the conditions emerge for the political revolution in the U.S.S.R. Then, perhaps, when the long siege of the first workers’ state has at last been lifted, it may resume its course, interrupted for so long by Stalinism and its consequences, towards the creation of a socialist society. Such a recrudescence will constitute an apodictic vindication of the theoretical insights developed by the founders of historical materialism and their two pre-eminent disciples in the twentieth century, Lenin and Trotsky.

Notes

INTRODUCTION

1. It is not suggested that the political practice of the C.P.s is determined by, and can be understood in terms of, their supposed allegiance to the U.S.S.R. as a bureaucratised workers' state. It is rather the case, as Dornhorst has emphasised, that '*The Communist Parties of advanced capitalist countries are reformist parties, and have been so for more than thirty years*': see Robert Dornhorst, 'The Communist Parties of Western Europe: The Origin of the National Roads to Socialism', *Revolutionary Communist*, no. 6, (April 1977), pp. 5-22. The 'special relationship' which nevertheless exists between these parties and the Soviet Union has a continuing significance, however, one aspect of which is expressed in the way in which it conditions political dissent in the U.S.S.R. itself: see, on this, Ernest Mandel, 'Three Facets of "Eurocommunism"', *Inprecor*, no. 5 new series (April 1977), pp. 3-8.
2. Because a theory constitutes its own objects it follows that the 'empirical' verification of its postulates takes place *within theory*: see Ernesto Laclau, 'The Specificity of the Political: The Poulantzas-Miliband Debate', *Economy and Society*, vol. IV (1975), pp. 87-110.
3. For an illustration of this, with reference to a group which has abandoned Trotsky's analysis in favour of a 'state capitalist' characterisation of the U.S.S.R., see John Marshall, 'The Politics of I.S.', *Red Mole*, 29 November 1971, p. 10, and Brian Grogan, 'Further Developments (?) in State Capitalism', *International*, vol. I, no. 6 (September-October 1971), pp. 29-40.

I THE THEORETICAL FOUNDATIONS

1. Cited in McLellan (1976), p. 235. The thesis of 'the revolution in permanence' had already occurred in Marx's *March Address to the Central Committee of the Communist League*: see MPW, I, 319-30.
2. McLellan states that the actual writing of the *Manifesto* was exclusively the work of Marx: see McLellan (1976), p. 180.
3. In his polemic against Proudhon, written a year earlier, Marx had employed a similar formulation: see PP p. 151.
4. It cannot be too strongly emphasised that the term 'dictatorship' occupies an altogether different conceptual space in Marx's discourse than that entailed in its present-day usage. In fact, the most influential paradigm when Marx wrote derived from the Roman exemplar of dictatorship as the temporary incarnation of extraordinary powers, conferred by popular mandate, which accorded well with Marx's conception of proletarian rule as entailing its own self-annulment in the abolition of classes and the state.

5. See, e.g., Postgate (1922), p. 60, and David Fernbach, *Introduction*, MPW, I, 24.
6. The relevant section of this is reproduced in Postgate (1922), pp. 69–70.
7. It should perhaps be noted that Engels uses the term ‘dictatorship of the proletariat’ in this article with some imprecision, implying that it has no special meaning other than the assumption of power by a working class party, and thereby acknowledging it to have been the aim of every such party ‘from the English Chartists onwards’. This is clearly at variance with the views expressed by Marx, and elsewhere by Engels himself, particularly in those texts (of which this is one) which postdate the experience of the Commune.
8. Apart from his many references to the Commune in letters and articles, Marx’s major work on the Paris events of 1871 was itself preceded by two unused drafts, the first of which is partially reproduced in MPW, III, 236–68. For the complete texts, see Karl Marx and Frederick Engels, *On the Paris Commune* (Moscow, 1971). See also, in this context, Hal Draper, (ed.), *Writings of Marx and Engels on the Paris Commune* (New York, 1971).
9. The letter to which Avineri refers is that to Nieuwenhuis of 22 February 1881, previously cited. Engels’ *Preface to The Civil War* makes the same criticism of the Communards.
10. There is a certain ambiguity in this formulation. Engels was not implying, however, that there exists a ‘rational core’ of the bourgeois state apparatus which can simply be excised and taken over by the working class upon its assumption of political power. What would be retained, albeit in a new form, as Marx made clear in his *Second Draft of The Civil War in France*, would be

. . . the Central functions, not of governmental authority over the people, but [those] necessitated by the general and common wants of the country. . . . These functions would exist, but the functionaries could not, as in the old governmental machinery, raise themselves over real society, because the functions were to be executed by *communal agents*, and, therefore, always under real control. (*Writings of Marx and Engels on the Paris Commune*, ed. Hal Draper, New York, 1971, p. 200)
11. See also the analogous statement in the *Critique of the Gotha Programme* that: ‘Freedom consists in converting the state from an organ superimposed upon society into one completely subordinated to it . . .’. (GP, p. 326)
12. Lucio Colletti, *Introduction*, PEW, p. 46; see also Colletti (1972), pp. 185 ff. Blackburn has recently disputed this contention, although Colletti’s case seems to me to be the sounder. See, however, Robin Blackburn, ‘Marxism: The Theory of Proletarian Revolution’, in *Revolution and Class Struggle: A Reader in Marxist Politics*, ed. Robin Blackburn, London, 1977, pp. 25–68, repr. from *New Left Review*, no. 97 (1976).
13. The same conception is articulated in Karl Marx and Frederick Engels, *The Holy Family, or, A Critique of Critical Critique* (Moscow, 1956), p. 52.
14. See Henri Comte de Saint-Simon, *Selected Writings*, ed. F. M. H. Markham (Oxford, 1952), p. 78.
15. For Engels’ comments on Saint-Simon, see SUS, pp. 396–400.
16. This text is almost the only locus of Marx’s own use of the designation ‘workers’ state’, which was subsequently to become a synonym, especially in Bolshevik usage, for the dictatorship of the proletariat.

17. Karl Marx and Frederick Engels, *Selected Works in Three Volumes*, vol. III (Moscow, 1970), pp. 429–39.
18. Karl Kautsky, *The Dictatorship of the Proletariat* (Ann Arbor, 1964), pp. 31 and 43 respectively. See also Julius Martov, *The State and the Socialist Revolution* (New York, 1938), p. 41. More recently, Draper has argued the same thesis: see Draper (1962), p. 102.
19. Karl Marx, *Economic and Philosophical Manuscripts* (Third Manuscript), PEW, pp. 346–7.
20. Karl Marx, *Die moralisierende Kritik und die kritisierende Moral* (The Moralising Critique and the Critical Morality), in Karl Marx, *Selected Writings in Sociology and Social Philosophy*, edd. T. Bottomore and M. Rubel (London, 1956), p. 240.
21. MESW/2, II, pp. 49–61. Marx did not, in either his 1877 or 1881 letters (the latter preceded by three unused drafts, which presumably indicates that this subject held some difficulty for him), make the qualification referred to by Engels.
22. See Engels to Danielson, 17 October 1893, MESC, pp. 437–9. Danielson, a populist who wrote under the pseudonym 'Nikolai-on', was responsible for the first Russian translation of Volume One of *Capital*, which appeared in 1872 (predating English and French translations of the work).
23. See, in this context, V. I. Lenin, *The Development of Capitalism in Russia* (Moscow, 1956), *passim*, and HRR, I, 21–32.
24. For an exposition of the theory, see Leon Trotsky, *The Permanent Revolution and Results and Prospects* (New York, 1970).

2 LENIN AND THE BOLSHEVIK EXPERIENCE

1. Anderson has argued in a recent essay that 'Lenin never mistook the class character of Tsarism: he always expressly insisted, against Menshevik opponents, that Russian absolutism was a feudal State machine'. (Perry Anderson, 'The Antinomies of Antonio Gramsci', *New Left Review*, no. 100 (November 1976–January 1977), pp. 5–78). While Anderson cites a number of Lenin's works which are apparently supportive of this thesis, there certainly exist explicit references in his writings to the bourgeois character of the state apparatus of the Tsarist autocracy (see, e.g. Lenin, 'Better', p. 711, in which he refers to the 'bureaucratic capitalist state machine' of Tsarist Russia). Anderson considers that

The Russian Revolution was not made against a capitalist state at all. The Tsarism which fell in 1917 was a feudal apparatus: the Provisional Government never had time to replace it with a new or stable bourgeois apparatus. The Bolsheviks made a socialist revolution, but from beginning to end they never confronted the central enemy of the workers' movement in the West. (Perry Anderson, *Lineages of the Absolutist State*, (London, 1974), p. 359).

Whatever the merits of this thesis (for a critique of which see Paul Hirst, 'The Uniqueness of the West', *Economy and Society*, vol. IV (1975), pp. 446–75), it can be acknowledged that superficially, at least, the Tsarist state resembled the Bonapartist apparatus whose destruction Marx had urged in his major work

on the Commune. What they undoubtedly do have in common, together with the contemporary bourgeois state apparatus, is that they all maintain the separation of the masses from power and thereby contribute to the reproduction of their essential dependence and subordination. Clearly, however, the analysis of the specific morphologies of different state apparatuses is a task to which revolutionaries must address themselves.

2. Tony Cliff, *Lenin, vol. I: Building the Party* (London, 1975), p. 164.
3. V. I. Lenin, *The Dying Autocracy and New Organs of Popular Rule* (CW, X, 66–70).
4. These have been published in English translation as *Marxism on the State* (Moscow, 1972).
5. Lenin seldom referred to the dictatorship of the proletariat before 1917; he did in fact formulate the slogan of 'the revolutionary-democratic dictatorship of the proletariat and the peasantry' (see chapter 1). According to Balibar, Lenin's approach to the question at that time was premised on his espousal of a conception of the dictatorship of the proletariat as being merely *a form* of the transition to socialism, rather than a historical tendency inscribed in the class struggle: see Balibar (1977), pp. 127–8.
6. Immediately after the events of 1905, Trotsky wrote of the Petrograd Soviet that it 'really was a workers' government in embryo'. (Leon Trotsky, 1905, Harmondsworth, 1973, p. 266)
7. Two years after the publication of *The State and Revolution*, Antonio Gramsci articulated his own extension of this conception, arguing that the Italian socialist state of the future already existed potentially in the institutions of working-class social organisation, in particular the factory councils. He maintained that these institutions must be linked together and co-ordinated to create a genuine workers' democracy, which must be actively counterposed to the bourgeois state and which must prepare itself to replace this state in all its essential functions:

In so far as it builds this representative apparatus, the working class effectively completes the expropriation of the primary machine, of the most important instrument of production: the working class itself. It thereby rediscovers itself, acquiring consciousness of its organic unity and counterposing itself as a whole to capitalism. The working class thus asserts that industrial power and its source ought to return to the factory. It represents the factory in a new light, from the workers' point of view, as a form in which the working class constitutes itself into a specific organic body, as the cell of a new State, the workers' State—and as the basis of a new representative system, a system of councils. (Antonio Gramsci, *Soviets in Italy*, (Nottingham, undated) p. 8)

8. V. I. Lenin, *Theses and Report on Bourgeois Democracy and the Dictatorship of the Proletariat*, presented to the First Comintern Congress, 4 March 1919, CW, XXIX, 457–74. An essentially similar appraisal is contained in the Draft Party Programme written by Lenin: see CW, XXIX, 108.

Lenin was clearly wrong, however, in regarding the exclusion of the bourgeoisie from participation in elections as one of the determinants of the socialist character of soviet democracy (see, e.g. Lenin, 'Tasks', p. 427),

although this was arguably less an affirmation of principle than a rationalisation of the outcome of an exigency. Tendentially, such a proscription can only generate an uncontrollable dynamic of political repression. It is necessary to insist, as does a recent U.S.F.I. resolution, that under the dictatorship of the proletariat 'freedom of political organization should be granted all those, including probourgeois elements, who in actual practice respect the constitution of the workers' state . . .'. ('Socialist Democracy and the Dictatorship of the Proletariat', *Inprecor*, no. 10 new series (7 July 1977), pp. 3-15.)

9. On the basis of this distinction some commentators (such as Balibar) identify socialism with the dictatorship of the proletariat and the regime of transition, and thus refuse to speak of a socialist mode of production *per se*. I shall, however, treat the terms 'socialism' and 'communism' as being synonymous, and will consequently refer to 'the socialist mode of production'.
10. See Daniel and Gabriel Cohn-Bendit, *Obsolete Communism: The Left-Wing Alternative* (Harmondsworth, 1969), p. 233; Marcel Liebman, *Leninism Under Lenin* (London, 1975), p. 194; Robert V. Daniels, 'The "Withering Away of the State" in Theory and Practice', in *Soviet Society: A Book of Readings*, edd. Alex Inkeles and Kent Geiger (Boston, 1961), pp. 22-43, and Sawyer (1977), pp. 222 ff.
11. N. Trotsky (Leon Trotsky), *Nashi Politicheskie Zadachi* (Our Political Tasks) (Geneva, 1904) p. 54, cited in PA, p. 90.
12. Cf. the U.S.F.I. resolution 'Socialist Democracy and the Dictatorship of the Proletariat', *Inprecor*, no. 10 new series (7 July 1977), pp. 3-15, which states that: 'the soviets on which the dictatorship of the proletariat will be based are not factory councils, but bodies of self-organization of the masses in all areas of economic and social life . . .'.
13. Wright has emphasised the inadequacy of Lenin's understanding of the effectivity of organisational forms and the 'curious irony' that while he 'correctly understands that bureaucratic organizations are not technically necessary, but rather are socially generated by the political imperatives of class domination . . . his explanations of continuing bureaucracy after the revolution are primarily in terms of economic and ideological (cultural) factors, not political ones'. (Erik Olin Wright, *Class, Crisis and the State*, London, 1978, p. 221).
14. This particular phrase is, however, more usually associated with the debates involving the successors to the Left Communists, the Democratic Centralists, which took place on the launching of the N.E.P.: see e.g. CW, XXXIII, 290.
15. N. Osinsky, 'On the Building of Socialism', *Kommunist*, no. 2 (April 1918), p. 5, cited in Daniels (1960), pp. 85-6.
16. In *The Tax in Kind* (CW, XXXII, 329-65), Lenin suggested that bureaucratic practices in the Soviet Union were peculiarly rooted in 'the atomised and scattered state of the small producers with their poverty, illiteracy, lack of culture, the absence of roads and *exchange* between agriculture and industry, the absence of connection and interaction between them', arguing that the controlled development of market relations under the N.E.P. 'will help us overcome the dispersal of the small producer, and to a certain degree combat the evils of bureaucracy . . .'.
17. V. I. Lenin, *From the Report on the Substitution of a Tax in Kind for the Surplus-Appropriation System, Delivered at the Tenth Congress of the R.C.P. (B.)*, 15 March

- 1921, QSOE, pp. 288–99. Whatever the historical status of the concept of simple commodity production, the regime which still exists in the Soviet agricultural sector, in which petty commodity production on private plots provides a substantial, and apparently increasing proportion of the total output of agricultural goods, can perhaps be seen – given the constraints on any tendency towards capital accumulation within it – as the ‘artificial’ hypostasis of simple commodity economy.
18. Cf. Preobrazhensky’s comments on *On Co-Operation* in NE, p. 223.
 19. ‘The whole thing in Germany will depend on the possibility of backing the proletarian revolution by some second edition of the Peasant War’. (Marx to Engels, 16 April 1856, MESC, p. 86) Cf. V. I. Lenin, *Our Revolution*, LSW/1, pp. 696–9, and HRR, I, 64.
 20. Lenin’s recognition of the need for trade union autonomy in order to defend the workers against the effects of ‘bureaucratic distortions’ preceded the inauguration of the N.E.P., after which he acknowledged that, in addition, ‘one of the main tasks that will henceforth confront the trade unions is to protect in every way the class interests of the proletariat in its struggle against capital’. (Lenin, CW, XXXIII, 185)
 21. Alexandra Kollontai, *The Workers’ Opposition* (London, 1968), p. 38.
 22. V. I. Lenin, *Five Years of the Russian Revolution and the Prospects of the World Revolution*, Report Delivered at the Fourth Congress of the Communist International, 13 November 1922, QSOE, pp. 345–58.
 23. This took place despite the purging of some 200,000 party members at the Tenth Congress in 1921: see PU, pp. 17–18.
 24. V. I. Lenin, *The Conditions for Admitting New Members to the Party* (Letter to V. M. Molotov), 20 March 1922, Lenin, CW, XXXIII, 256–8.
 25. Antonio Gramsci, *Prison Notebooks* (London, 1971), p. 238.

3 TROTSKY AND THE LEGACY OF OCTOBER

1. The Russian term used to designate all such phenomena was *pererozhdenie*, meaning degeneration or decay.
2. Cited in Max Shachtman, ‘The Struggle for the New Course’, NC, p. 154. This, and other extracts from the letter, are also reproduced in *Documents of the 1923 Opposition* (London, 1975), pp. 2–3.
3. *The Platform of the Forty-Six*, repr. in INT, pp. 367–73.
4. Leon Trotsky *et al.*, *Platform of the Joint Opposition* (1927), London, 1973, pp. 47–8. The work (written for the most part by Trotsky and Zinoviev) was intended for distribution at the Fifteenth Party Congress, but was never published because of the seizure of the Opposition’s presses. It was afterwards published by Trotsky in exile under the title *The Real Situation in Russia*.
5. See SOC, II, 112–13; PU, pp. 244–5; and Daniels (1960), p. 255.
6. Leon Trotsky, *The Defence of the Soviet Republic and the Opposition*, in *Writings, 1929* (New York, 1975), pp. 262–303.
7. Leon Trotsky, *Thermidor and Bonapartism*, in *Writings, 1930–1931* (New York, 1973), pp. 73–8.
8. See Leon Trotsky, *The Danger of Thermidor. Writings, 1932–1933* (New York, 1972), pp. 73–80. For the discussion on the Kronstadt revolt and the

- Bolsheviks' response to it, see Ida Mett, *The Kronstadt Commune* (London, 1967); and *The Kronstadt Rebellion in the Soviet Union, 1921*, (S.W.P., New York, 1973).
9. Bukharin, whose policies marked him out, in the Opposition's eyes, as being the foremost among the 'Thermidorean' elements in the party (hence Trotsky's ultimately self-defeating assertion: 'With Stalin against Bukharin?—Yes. With Bukharin against Stalin?—Never!'), had by 1928 come to recognise that the Stalinist party-state apparatus was more than a match for the Soviet peasantry: see Cohen (1974) p. 316.
 10. Leon Trotsky, *Our Differences with the Democratic Centralists* (Letter to Borodai), repr. in Shachtman (1962), pp. 96–103.
 11. Leon Trotsky, *The International Left Opposition, Its Tasks and Methods*, DFI, pp. 19–43.
 12. See Leon Trotsky, *It Is Impossible to Remain in the Same International with Stalin, Manuilsky, Losovsky and Company*, and *For New Communist Parties and the New International*, in *Writings, 1933–1934* (New York, 1972), pp. 17–24 and 26–7 respectively; and the I.L.O. resolution *The Declaration of the Four—On the Necessities and Principles of a New International*, DFI, pp. 56–9.
 13. 'Bureaucratic Centrism' was the term which Trotsky used to characterise the political practice of the Stalinist bureaucracy, the principal feature of which seemed at that time to be its oscillations between opportunism and ultra-leftism.
 14. It should perhaps be noted, however, that Poulantzas has rejected both the conception of Bonapartism as the product of a parity of forces in the class struggle, and the assimilation of Fascism to Bonapartism. See, on the former, Poulantzas (1973), pp. 258–62, and on the latter, his *Fascism and Dictatorship*, London, 1974, especially pp. 84–8 and 331–5. The experience of Fascist dictatorship, and the obvious parallels between it and Stalinism, may in fact constitute the only valid justification for abandoning the term 'dictatorship of the proletariat', while at the same time retaining the concept designated by this formula.
 15. The pseudonym of Chris Arthur. An abridged version of Biro/Arthur's two-part article has since appeared under a different title: see C. J. Arthur, 'The Revolution Betrayed', *Radical Philosophy*, no. 3 (Winter 1972), pp. 2–9.
 16. See Cohen (1974), p. 143, where it is argued that 'thirty years before Milovan Djilas's *The New Class* . . . Bukharin was warning against "a new ruling class" based not on private property but on "monopolistic" authority and privilege'. Bukharin did not, however, envisage the emergence of a party-state bureaucratic class on Djilas' model (see Chapter 6). As Dallemagne has emphasised:

Bukharin did not understand the problem of the bureaucracy until 1928; for him, it was nothing but an administrative burden upon state industry, and not upon the state apparatus. He does not recognise the possibility of a petty bourgeois or bureaucratic degeneration except abstractly, when affirming that the party would not tolerate it. It was only in 1928 that he realised, too late, that just such a state of affairs had developed within the state apparatus itself . . . (Dallemagne, 1975, pp. 48–9)

17. The literature on this subject is a considerable one. For Trotsky's own exposition of his views on the construction of socialism in the U.S.S.R., see

- TIL, pp. 3-73; RB, pp. 291-308; and HRR, III, 349-86. Monty Johnstone has elaborated a critique of Trotsky's position in 'Trotsky and the Debate on Socialism in One Country' in *New Left Review*, no. 50 (1968), pp. 113-23; and for a counter-critique see Ted Grant and Alan Woods, *Lenin and Trotsky: What They Really Stood For*, Colombo, 1972, pp. 108-45. For two interesting attempts to recast the antinomies of this debate, see Day (1973), *passim*; and Jean-Paul Sartre, 'Socialism in One Country', *New Left Review*, no. 100 (November 1976-January 1977), pp. 143-63.
18. In *The Essential Trotsky* (London, 1963).
 19. Arguably, however, the 'privatisation' of consumption in the U.S.S.R. and Eastern Europe and its increasing conformity with Western patterns is more a function of the 'self-reliance' enforced by the inadequacy and unreliability of the existing collective provision of goods and services than the result of ideological 'modelling' (which the bureaucracy itself promotes).
 20. It is interesting to note that Sartre, who does indeed start from a 'problematic of scarcity and its effects', has arrived at a rejection of the very possibility of the dictatorship of the proletariat. Seriality, in which human beings are estranged from each other, is, Sartre considers, the typical form of social relations in the milieu of scarcity which, he argues, is itself the fundamental and determinant human relation. The struggle against scarcity finds its expression in the appearance of the 'fused group', whose members are united in pursuit of a common goal. In order to maintain its existence, however, the group must become institutionalised, with a consequent loss of fraternity and common purpose, its unity being transferred upwards to a sovereign authority in order to achieve this stabilisation. The ultimate embodiment of this process is the state, with which no group can coincide, and with whose consolidation society returns to its original situation of seriality. Ultimately, therefore,

. . . the reason why the dictatorship of the proletariat (as a real exercise of power through the totalisation of the working class) never occurred is that the very idea is absurd, being a bastard compromise between the active, sovereign group and passive seriality . . . the impossibility of the proletariat exercising a dictatorship is formally proved by the fact that it is impossible for any form of group to constitute itself as a hyper-organism. (Sartre, 1976, p. 662)
 21. See, in this regard, Denise Avenas, 'Trotsky's Marxism', Part II, *International*, vol. III, no. 3 (Spring 1977), pp. 33-48; and see also Trotsky's integrated critique of the Draft Programme of the Comintern, in the context of the theory of 'socialism in one country', in TIL, pp. 3-73.
 22. A term from Poulantzas: see Poulantzas (1976), pp. 66-7.
 23. Loizos Michail, 'Trotsky's Revolution Betrayed', *Socialist Europe*, no. 3 (1977), pp. 3-7.
 24. Ernest Mandel, *On Bureaucracy*, I.M.G., London, undated, p. 28.
 25. Leon Trotsky, 'Trotskyism' and the P.S.O.P., *Writings, 1938-1939* (New York, 1969), pp. 129-36.
 26. Lenin had implicitly acknowledged this when he wrote, in 1918, that:

The more resolutely we now have to stand for a ruthlessly firm government, for the dictatorship of individuals *in definite processes of work*, in definite aspects

of *purely executive* functions, the more varied must be the forms and methods of control from below in order to counteract every shadow of a possibility of distorting the principles of Soviet government, in order repeatedly and tirelessly to weed out bureaucracy. (Lenin, 'Tasks', p. 429).

27. Trotsky had, in the same work, upheld the concept of a one-party state.
28. Lenin's evaluation of the situation was expressed with particular clarity at the Eleventh Party Congress a year later when, describing the N.E.P. as 'a retreat' (what from he failed to make clear, since he had repudiated the 'commandist' economic practice of the preceding period of War Communism, together with the utopian illusions to which it had given rise), he drew the analogy with a military operation, arguing that

During a retreat . . . discipline must be more conscious and is a hundred times more necessary, because, when the entire army is in retreat, it does not know or see where it should halt. It sees only retreat; under such circumstances a few panic-stricken voices are, at times, enough to cause a stampede. The danger here is enormous. When a real army is in retreat, machine-guns are kept ready, and when an orderly retreat degenerates into a disorderly one, the command to fire is given, and quite rightly, too. (V. I. Lenin, *Political Report of the Central Committee to the Eleventh Congress of the R.C.P. (B.)*, Lenin CW, XXXIII, 263–309)

29. Leon Trotsky, *The Fourth International and the Soviet Union*, in *Writings, 1935–1936* (New York, 1970), pp. 37–9, and DFI, pp. 101–7. See also Trotsky, 'State', p. 92, and IDM, pp. 30–1.
30. For a discussion of the concept of property relations, see Chapter 4.
31. Poulantzas has drawn attention to a certain ambiguity in Marx's argument here in its tendency to treat the technical and social divisions of labour separately, without showing how the former is only reproduced within the framework of the dominant social relations of production, with the result that all capitalist management is at the same time class supervision. In Poulantzas' words: 'The work of management and supervision, under capitalism, is the direct reproduction, within the process of production itself, of the political relations between the capitalist class and the working class'. (Poulantzas, 1975, pp. 227–8). Elsewhere, however, Marx's ideas on this subject would seem to be more clearly articulated: see Chapter 6.
32. Cf. Marx's statement that the essential content of the Communal structure consisted in the fact that 'While the merely repressive organs of the old governmental power were to be amputated, its legitimate functions were to be wrested from an authority usurping pre-eminence over society itself and restored to the responsible agents of society' (CW, p. 289), and see also note 10 of chapter 1.
33. For Deutscher's prognosis of radical change in the Soviet Union through bureaucratic self-reform, see his *Russia After Stalin* (London, 1953); PO, pp. 308–13 and 521–3; and his last book *The Unfinished Revolution: Russia 1917–1967* (Oxford, 1967). The opposing case is set out, *inter alia*, in the series of F.I./U.S.F.I. documents collected under the title *The Development and Disintegration*

- of *World Stalinism* (S.W.P., New York, 1970); see also Ernest Mandel, *On the Pablo Tendency* (I.M.G., London, 1977), pp. 5-9.
34. See, however, Ernest Germain (Ernest Mandel), 'Prospects and Dynamics of the Political Revolution against the Bureaucracy', in *The Development and Disintegration of World Stalinism* (New York, 1970), pp. 47-53, and Gus Horowitz, 'Dynamics of Antibureaucratic Struggle in the U.S.S.R. and East Europe', *International Socialist Review*, vol. XXXIII, no. 11 (December 1972), pp. 19-29.
 35. This applies to the U.S.F.I. and its sections. Other Trotskyist groupings would exclude certain of these social formations from the 'canon' of workers' states. Thus, for the British W.R.P. and the French O.C.I., both Cuba and Vietnam are state capitalist, while Lutte Ouvrière regards China as being state capitalist. For the U.S.F.I.'s own critique of these two positions, see, respectively, *Marxism versus Ultraleftism: The Record of Healy's Break with Trotskyism*, ed. Joseph Hansen (New York, 1974); and Denise Avenas, *Lutte ouvrière et la révolution mondiale* (Paris, 1971).
 36. Not all Marxists consider the petty bourgeoisie to be a distinct class, however; according to Balibar, for example, 'what is normally called by the name "petty bourgeoisie" is in fact *the internal division of the proletariat and the internal division of the bourgeoisie . . .*' (Balibar, 1977, p. 228).
 37. Pierre Rousset, 'The Vietnamese Revolution and the Role of the Party', *International Socialist Review*, vol. XXXV, no. 4 (April 1974), pp. 4-25. For an alternative view, see, in the same issue, George Johnson and Fred Feldman, 'Vietnam, Stalinism and the Postwar Socialist Revolutions'.
 38. Matthews, however, on the basis of the very arbitrary criterion of an occupational income of 450 roubles a month, has delimited an 'elite' numbering a quarter of a million: see Mervyn Matthews, 'Top Incomes in the U.S.S.R.: Towards a Definition of the Soviet Elite', *Survey*, vol. XXI, no. 3 (Summer 1975), pp. 1-27.
 39. Serge Mallet, *Bureaucracy and Technocracy in the Socialist Countries* (Nottingham, 1974), p. 31. Similar appraisals can be found in Albert Parry, *The New Class Divided: Science and Technology versus Communism* (London, 1966), *passim*, and Parkin (1972), pp. 170 ff.
 40. See, e.g., Stephen White, 'Contradiction and Change in State Socialism', *Soviet Studies*, vol. XXVI, no. 1 (January 1974), pp. 41-55, and Thomas H. Rigby, *The Communist Party Membership in the U.S.S.R., 1917-1967* (Princeton, New Jersey, 1968), *passim*.
 41. Hillel H. Ticktin, 'The Political Economy of the Soviet Intellectual', *Critique*, no. 2 (1973), pp. 5-22. See also M. Cox, 'The Politics of the Dissenting Intellectual', *Critique*, no. 5 (1975), pp. 5-34.
 42. See, e.g. Ted Harding, 'Opposition Currents in the U.S.S.R.', *International*, vol. II, no. 1 (Spring 1973), pp. 24-8; and George Saunders, *Introduction to Samizdat: Voices of the Soviet Opposition* (New York, 1974), pp. 15-48.

4 BUREAUCRATIC COLLECTIVISM, STATE CAPITALISM, AND THE MARXIST THEORY OF THE STATE

1. Burnham had actually arrived at this definition two years earlier, hence the title of Trotsky's 1937 article: see Trotsky, 'State', *passim*.

2. Rizzi (1939), p. 31, cited in TBC, p. 83.
3. Rizzi (1939), p. 95, cited in TBC, p. 83.
4. Rizzi (1939), pp. 72-4, cited in TBC, p. 84.
5. Rizzi (1939), p. 283, cited in TBC, p. 84.
6. Rizzi (1939), p. 284, cited in TBC, p. 84.
7. The lever of this transformation of the social relations of production was managerial control of access to the means of production:

Control over access is decisive and, when consolidated, will carry control over preferential treatment in distribution with it: that is, will shift ownership unambiguously to a new controlling, a new dominant, class. (Burnham, 1972, p. 95)

Even when it attained control, the proletariat was unable to retain it, and had inevitably to surrender it to the managerial-technocratic class. (Burnham, 1972, pp. 214-16)

8. For a critique of Bukharin's 'technological determinism', see Georg Lukacs, 'Technology and Social Relations', *New Left Review*, no. 39 (1966), pp. 27-35.
9. Althusser's most recent work would seem to contradict this interpretation, however: see Althusser (1976), pp. 201-3.
10. The dichotomy 'socialism or barbarism' derives from Luxemburg's *The Junius Pamphlet*, which itself invokes Engels' *Anti-Dühring*: see Mary-Alice Waters (ed.), *Rosa Luxemburg Speaks* (New York, 1970, repr. 1971), p. 269.
11. This view is shared by the U.S. Revolutionary Marxist Committee, a remote descendant of Shachtman's Independent Socialist League which subscribes to a state capitalist characterisation of the U.S.S.R.: see SCPD, pp. 77-80.
12. This assertion is restated in a banal misrepresentation of Trotsky's ideas which forms the basis of a work published recently by the libertarian socialist group *Big Flame*: see Thomson and Lewis (1977), p. 10.
13. An analogy which obviously appealed to him was that of a sphere balanced on the point of a pyramid, which must inevitably roll down sooner or later on one side or the other: see Trotsky, 'Thermidor', p. 45.
14. Marx was of course referring here to pre-capitalist modes of production; with the rise of capitalism, there appears the 'free worker, as objectless, purely subjective labour capacity, confronting the objective conditions of production as his *not-property*, as *alien property* . . .'. (PGR, p. 498)
15. For a useful exposition of the concept of relations of production, see Therborn (1976), pp. 365-86.
16. Carchedi has encapsulated this relationship, so central to Marxist theory, in the dictum that: 'the determinant instance . . . determines the determined instances . . . in the sense that the former calls into existence the latter as a condition of its own existence'. (Guglielmo Carchedi, *On the Economic Identification of Social Classes*, London, 1977, p. 143).
17. In Marx's own words: 'the *original* relation remains intact, but survives only as the *illusory* reflection of the *capitalist* relation underlying it'. ('Results of the Immediate Process of Production', CAP, I, 1063)
18. On this, see also the discussion of the work of Bettelheim, in Chapter 6.

19. Hindess (1976), p. 19. This criticism, while specifically directed at Bettelheim, is equally applicable to the analyses of Shachtman and Cliff.
20. Hindess and Hirst argue that if mercantile capital 'controls through its monopoly interdiction of circulation the reproduction of the means of production' it follows that 'a limited social division of labour and the commodity relations corresponding to it provide the foundation for class relations'. (Barry Hindess and Paul Hirst, *Mode of Production and Social Formation*, London, 1977, p. 66) This thesis rests, however, on a radical reformulation of the concept of relations of production.
21. Beyond the existence of different factions within the dominant class, which is in no way peculiar to capitalism, it is the nature of commodities as the products of the privately owned means of production, and the fact that capital 'exists and can only exist as many capitals', which necessitates the relative autonomy of the capitalist state as a special institution standing above the constraints of capitalist production units yet which at the same time provides the essential framework for their existence and reproduction as capital: see John Holloway and Sol Picciotto, 'A Note on the Theory of the State', *Bulletin of the Conference of Socialist Economists*, vol. V, no. 2 (October 1976).
22. The U.S. Revolutionary Marxist Committee's treatment of Soviet 'state capitalism' in two recently published documents is almost as extensive: see *State Capitalism and the Proletarian Dictatorship* and *The Political Economy of State Capitalism*, (both Detroit, 1977).
23. The International Socialists have recently (1976) changed the name of their organisation to that of the Socialist Workers' Party. The designation I.S. is retained throughout this work in order to avoid confusion with the U.S. section of the F.I., also of that name.
24. For I.S.'s own account of these events see Ian Birchall, 'History of the International Socialists, Part I: From Theory into Practice', *International Socialism*, no. 76 (1976), pp. 16-24, together with the collection of documents in OIS. For a very different view, see John Walters, 'Some Notes on British Trotskyist History', *Marxist Studies*, vol. II, no. 1 (1969/70), pp. 45-8, and Cynthia Baldry, 'The Debate in the F.I. on the Class Nature of Russia and Eastern Europe, with particular reference to the British Section, 1945-1951', unpublished B. Phil. Dissertation, University of Liverpool, 1972.
25. See T. N. Vance, *The Permanent War Economy*, Berkeley, 1970. The work consists of a compilation of articles from the Shachtman Group's Journal *Labor Action*.
26. See, for example, Lenin, 'Catastrophe': much of this work is taken up precisely with a justification of large-scale nationalisation.
27. See also Trotsky's sketch of a revolutionary chronology in Trotsky, 'Nature', pp. 9-10.
28. Cited in SCR, p. 184. The article is included in Leon Trotsky, *Writings, 1935-1936*, New York, 1970, pp. 37-9, and in DFI, pp. 101-7. The relevant section reads as follows:

In passing, the constitution liquidates *de jure* the ruling position of the proletariat in the state, a position which, *de facto*, has long ago been liquidated. Henceforth, it is declared, the dictatorship is "classless" and "popular", which, from the Marxian standpoint, is pure nonsense. The

dictatorship of the "people" over itself should have signified the dissolution of the state into society, that is, the death of the state. In reality, the new constitution seals the dictatorship of the privileged strata of Soviet society over the producing masses, thereby making the peaceful dying away of the state an impossibility and opens up for the bureaucracy "legal" roads for the economic counter-revolution, that is, the restoration of capitalism by means of a "cold stroke", a possibility which the bureaucracy directly prepares by its deception of the "victory of socialism".

Stalin continued to assert, after 1936, that the 'state of the whole people' would, in accordance with Marx's prognosis, ultimately disappear. Why this should be necessary in the case of a state which was ostensibly already classless he was never to explain.

29. See also, in this context, Leon Trotsky, *The New Constitution of the U.S.S.R.*, in *Writings, 1935-1936* (New York, 1970), pp. 91-6; and RB, pp. 260-4 and 271-2.
30. See, in this context, Tony Cliff, 'Permanent Revolution', *International Socialism*, no. 61 (June 1973), pp. 18-29, repr. from no. 12 (Spring 1963) of the same journal. Analysing the class dynamic of the Chinese and Cuban revolutions, Cliff absolutely rejects the possibility of a successful socialist revolution in the 'Third World', arguing that 'Those forces, which should lead to a socialist, workers' revolution according to Trotsky's theory can lead, in the absence of the revolutionary subject, the proletariat, to its opposite, state capitalism'. His concept of 'deflected, state capitalist, permanent revolution' surely implies that in the Third World, if not in the metropolitan capitalist countries, state capitalism does indeed have a progressive role to play.
31. See, on this, Alan Jones, 'The Nature of the S.W.P., Part I: State Capitalism', *Red Weekly*, no. 197 (May 1977), and see also Cliff's own appraisal of Shachtman's theory set out in TBC.
32. See, e.g. TP, p. 106: 'The bureaucracy which became a reactionary force in the U.S.S.R. cannot play a revolutionary role in the world arena'.
33. Leon Trotsky, *The Fourth International and the Soviet Union*, in *Writings, 1935-36* (New York, 1970), pp. 37-9, and DFI, pp. 101-7. See also the articles *War and the Fourth International* (Leon Trotsky, *Writings, 1933-1934* (New York, 1972), pp. 299-329); *On the Eve of World War Two* (Leon Trotsky, *Writings, 1938-1939* (New York, 1969), pp. 33-6); *The U.S.S.R. in War* (IDM, pp. 3-26); and see RB, pp. 227 and 231-2.
34. See also IDM, pp. 163-4 and 217-8, and the article *The World Situation and Perspectives*, in Leon Trotsky, *Writings, 1939-40*, 2nd edn (New York, 1973), pp. 139-57.
35. Ernest Mandel, 'Whither Eastern Europe: Economic Trends in Stalin's Buffer Zone', *Fourth International* (September 1949), cited in *Class, Party, and State and the Eastern European Revolution* (S.W.P., New York, 1969), p. 7.
36. See Pierre Frank, 'Evolution of Eastern Europe', in *Class, Party, and State and the Eastern European Revolution* (S.W.P., New York, 1969), pp. 47-53.
37. See, e.g., Joseph Hansen. 'What the Discussion on Cuba is About', in *The Nature of the Cuban Revolution*, (S.W.P., New York, 1969).
38. See Joseph Hansen, *The Workers' and Farmers' Government* (New York, 1974), pp. 33-8.

39. But for a different view see Cliff Conner, 'From World War Two to the Cold War', in *Towards a History of the Fourth International, Part I: Three Contributions on Postwar Developments* (S.W.P., New York, 1973), pp. 3-9.

5 THE THEORY OF STATE CAPITALISM AND THE SOVIET ECONOMY

1. James Burnham, it may be noted, went as far as to deny that 'state capitalism' was a possibility even in theory: see Burnham (1972), p. 120.
2. AD, p. 313. This passage is cited by Cliff in SCR, p. 165. Both Dunayevskaya and the Revolutionary Marxist Committee (U.S.) refer to it in developing an essentially similar argument: see Dunayevskaya (1971), p. 359, and SCPD, p. 15.
3. The interpretation, and indeed the relevance, of the dualism of the forces/relations of production and their correspondence or non-correspondence continues to be the subject of dispute. It is clear that there is, logically, no barrier to the development of capitalism, i.e., that there is nothing in its concept, as expounded by Marx, which entails a limitation beyond which the productive forces must inevitably stagnate or decline. The expansion of state 'control' of the economy emphasised by Lenin in his theory of imperialism and state monopoly capitalism, which he saw as evidence of just such a decline, can better be conceptualised as a change in the forms in which the conditions of existence of the capitalist mode of production are provided. The objective limitation to the development of capitalism which is undoubtedly inscribed in its basis in the domination of dead over living labour, and in the nature of capital as self-valorising value, is only realised in working-class economic and political struggle; this is the concrete content of the contradiction between the productive forces (the principal of which is the proletariat itself) and the (capitalist) relations of production.
4. In one of a series of notes which he appended to his own copy of *Economics of the Transformation Period*, Lenin did however comment, against Bukharin's statement that 'state capitalism is a growing together of the bourgeois state with capitalist trusts' that it should rather be conceptualised as a 'capitalism without stocks and trusts (and perhaps without monopolies)'. (Bukharin, 'Economics', pp. 116 and 217 (note 88) respectively)
5. N. I. Bukharin, *Imperialism and World Economy*, London, 1972, pp. 9-14. This ostensible agreement between Lenin and Bukharin on a generalised 'model' of imperialism should not be allowed to obscure significant differences in their respective analyses: see Cohen (1974), pp. 34-7.
6. Ralph Miliband has recently questioned the coherence of both Leninist conceptions of state capitalism. See his *Marxism and Politics* (Oxford, 1977), pp. 94-6.
7. Martin Shaw, 'The Theory of the State and Politics: A Central Paradox of Marxism', *Economy and Society*, vol. III (1974), pp. 429-50. Notwithstanding its title, the arguments elaborated in this article rest upon the un-Marxist premise that, both in the West and in the Eastern Bloc, 'the apparatuses of the state fulfil the same functions'. Shaw himself was until very recently a member of Cliff's tendency, the International Socialists.
8. Marx attaches two different, but mutually complementary meanings to the

concept of socially necessary labour-time in *Capital*, corresponding to different levels of analysis. The social character of labour is asserted with respect to a) the social average level of productivity for the manufacture of a given class of product, and b) the total mass of a given class of product required to satisfy the social demand. See, on this, Roman Rosdolsky, *The Making of Marx's Capital* (London, 1977), pp. 89–95.

Marx also emphasised – in particular with respect to the ‘reproduction costs’ of labour-power – that what is socially necessary is itself socially determined, depending as much on the individual character of a social formation (the ‘cultural dimension’) and the state of class forces within it as on productive capacity and the prevailing level of technology.

9. ‘The product of capitalist production is neither a mere *product* (a use-value), nor just a *commodity*, i.e. a product with an exchange-value, but a *product specific to itself*, namely *surplus-value*. Its product is *commodities* that possess more exchange-value, i.e. represent more labour than was invested for their production in the shape of money or commodities’. (Karl Marx, ‘Results of the Immediate Process of Production’, CAP, I, 1001)
10. V. I. Lenin, *Sochineniya* (Works), 4th. edn., vol. XXV, p. 51, cited in SCR, p. 159 (and again, p. 200).
11. Rudolf Hilferding, *Das Finanzkapital* (Vienna, 1910), p. 286, cited in SCR, pp. 198–9. Hilferding, it may be noted, in an article written in 1940, rejected the applicability of the concept of state capitalism both with reference to the Soviet economy and that of National Socialist Germany, preferring to characterise both as a form of ‘totalitarian state economy’: see Rudolf Hilferding, ‘State Capitalism or Totalitarian State Economy’, repr. in *Verdict of Three Decades*, ed. Julian Sternberg (New York, 1950), pp. 445–53.
12. Market value, Marx stated, should be conceived of

On the one hand . . . as the average value of commodities produced in a single sphere, and, on the other, as the individual value of the commodities produced under average conditions of their respective sphere and forming the bulk of the products of that sphere. (CAP, III, 175)

13. Karl Marx, *Capital*, vol. I (Moscow, 1954), p. 42, cited in SCR, p. 203. In the Penguin edition (used throughout this work) this is translated as follows: ‘Objects of utility become commodities only because they are the products of the labour of private individuals who work independently of each other’ (CAP, I, 165).
14. Tony Cliff, *The Nature of Stalinist Russia* (R.C.P. Internal Discussion Document), 1948, cited in Ted Grant, *The Marxist Theory of the State*, 1949, repr. Tyneside, 1973), p. 11. This sentence is omitted from the later, book-length versions of Cliff’s work, which appeared in 1955 (*Stalinist Russia*), 1964 (*Russia: A Marxist Analysis*), and 1974 (*State Capitalism in Russia*).
15. The real point, of course, is not the volume of trade, but its effect on the Soviet economy. There is no sense in which the ‘capitalist’ character of that economy can be inferred from a quantitative assessment of that portion of Soviet production which finds its way onto the world market, although Harman seems to infer that this is somehow possible: see Harman (1969/70), p. 37. Only when the results of international trade transform the internal relations of

- production will it give rise to generalised commodity production within that economy. By way of analogy, it may be noted how Marx referred to the 'stationary character' of the socio-economic milieu in India, which had prevailed for centuries prior to the destruction of native industry under the impact of colonial commerce with Britain. It was only then that an economy based very largely on the production of use values gave way to commodity production and market relations. (See Marx to Engels, 14 June 1853, MESC, pp. 78-80.) A workers' state with a monopoly of foreign trade would of course have far greater resistance to economic change mediated through international trade. (See, in this context, Trotsky's 1925 essay *Whither Russia?: Towards Capitalism or Socialism, International*, vol. II, no. 2 (Summer 1973), pp. 25-48.)
16. There are in fact important differences between Cliff's account of the theory and its subsequent treatment by Kidron. For the most extended version of the former, see Tony Cliff, 'Perspectives of the Permanent War Economy', *Socialist Review*, vol. VI, no. 8 (1957), pp. 5-6 (repr. in the collection of articles *A Socialist Review*, London, 1965, pp. 34-40). Kidron's version of the theory is set out in Michael Kidron, 'A Permanent Arms Economy', *International Socialism*, no. 28 (Spring 1967), pp. 8-12, which forms the basis of Chapter III of Kidron (1970). See also Chris Harman, 'Marxist Economics and the World Today', *International Socialism*, no. 76 (March 1975), pp. 29-36, a review of a collection of articles by Kidron published as *Capitalism and Theory* (London, 1970). Essentially, Cliff emphasises the capacity of arms expenditure to offset overproduction crises, while Kidron theorises its imputed ability to retard the tendency of the rate of profit to fall.
 17. See Geoff Hodgson, 'The Permanent Arms Economy', *International*, vol. I, no. 8 (January 1973), pp. 54-66; Phil Semp, 'The Permanent Arms Economy', *Permanent Revolution*, no. 1 (Spring 1973), pp. 16-32; and David Purdy, 'The Theory of the Permanent Arms Economy - A Critique and an Alternative', *Bulletin of the Conference of Socialist Economists* (Spring 1973), pp. 12-34.
 18. For a brief account of the nature of the Asiatic mode of production, see Mandel (1971b), pp. 116-39. Perry Anderson, in his treatment of it in *Lineages of the Absolutist State* (London, 1974), pp. 462-549, has questioned the coherence of Marx's conception of this mode of production. In their discussion of it, Hindess and Hirst reject the concept *per se*, regarding it rather as being an 'empirical generalisation': see Hindess and Hirst (1975), pp. 178-220. In so doing they articulate a systematic refutation of Wittfogel's elaboration of it. The latter has defined the 'monopolistic position of the ruling bureaucracy' as the 'key feature' of what he designates an 'agrodespotic society', characterising the October Revolution as having resulted in a transition from an agrarian to an industrial despotism, that is, to 'an industry-based system of general (state) slavery'. (Karl A. Wittfogel, *Oriental Despotism: A Comparative Study of Total Power*, New Haven, 1957, pp. 400-1.)

Recently, a Soviet dissident commentator has attempted to recast Wittfogel's appraisal in the form of an analogy, arguing that the U.S.S.R., like 'Asiatic' society, is both *sui generis* and inherently static, representing a 'diversion' in the historical 'sequence' of modes of production. In contrast to what he conceives as being the characteristics of the Asiatic mode, he considers the Soviet social formation to be unstable and potentially self-liquidating. See

A. Zimin, 'On the Question of the Place in History of the Social Structure of the Soviet Union (An Historical Parallel and a Sociological Hypothesis)', *Samizdat Register* (London, 1976), pp. 116-47.

19. Thus, in a letter to Ludwig Kugelmann, he wrote that

The essence of bourgeois society consists precisely in this, that *a priori* there is no conscious social regulation of production. The rational and naturally necessary asserts itself only as a blindly working average. (Marx to Kugelmann, 11 July 1968, MESC, pp. 195-7.)

20. In the post-capitalist economy, the primary consideration governing the introduction of technological innovations is their potential for reducing necessary labour-time, which is by no means synonymous with the reduction of labour costs under capitalism. Hence, those changes which might appear to be 'false rationalisations' from the viewpoint of the 'mixed economy' could well be perfectly viable. See Roman Rosdolsky, *The Making of Marx's Capital* (London, 1977) pp. 521-9.
21. There also occurs in some East European countries – although not in the Soviet Union itself – a circumscribed measure of inter-enterprise trade in equipment and industrial components.
22. See, e.g. Lewin (1974), pp. 119-21; and Dimitri K. Simes, 'The Soviet Parallel Market', *Survey*, vol. XXI, no. 3 (Summer 1975), pp. 42-52.
23. This is true of both industrial manufacture and collectivised agriculture regulated by the state. Agricultural production on private plots, which now accounts for a large percentage of the total output of farm products in the U.S.S.R., is of course – apart from those goods produced for direct consumption (use values) – commodity production *per se*.
24. This constituted, in Marx's words in 'Results of the Immediate Process of Production', 'value valorizing itself, value which gives birth to value' (CAP, I, 1060), a form of capital which must be distinguished from capital, within the capitalist mode of production, as 'value which produces surplus value'. (TSV, I, 359)
25. See, on this, Tom Kemp, 'Class, Caste and State in the Soviet Union', *Labour Review*, vol. VII, no. 2 (Summer 1962), pp. 42-54.
26. As Tomlinson has noted, Ticktin's apparent rejection of the 'orthodox' problematic which posits the co-existence of dominant and subordinate modes of production within a social formation makes it difficult to conceptualise the transition. (See J. Tomlinson, 'Hillel Ticktin and Professor Bettelheim: A Reply', *Critique*, no. 8 (Summer 1977), pp. 53-9.) It has recently been argued, however, that this problematic itself rests on a conflation of different levels of abstraction in Marx's analysis and must therefore be abandoned: see Jairus Banaji, 'Modes of Production in a Materialist Conception of History', *Capital and Class*, no. 3 (Autumn 1977), pp. 1-44.
27. See also Engels to Conrad Schmidt, 5 August 1890, MESC, pp. 392-4, where it is stated that the mode of distribution in the transitional social formation 'essentially depends on how much there is to distribute, and . . . this must surely change with the progress of production and social organisation, and . . . therefore the method of distribution will also change'.
28. See also CAP, I, 171-2, for a similar discussion of the division of the

'consumption fund' on the basis of labour-time in 'an association of free men, working with the means of production held in common'.

29. Marx emphasised, however, that 'economy of time, along with the planned distribution of labour time among the various branches of production, remains the first economic law on the basis of communal production'. (PGR, p. 173. See also TSV, III, 257.)
30. Indeed, so strong was this conviction that the economic historian L. Kritsman still found it possible to write, three years after the inauguration of the N.E.P., that 'In reality, so-called "War Communism" constituted the first great experience of a proletarian-natural economy, an experience of the first steps in the transition to socialism'. (Cited in Richard Day, 'Preobrazhensky and the Theory of the Transition Period', *Soviet Studies*, vol. XXVII, no. 2 (April 1975), pp. 196-219.)
31. E. A. Preobrazhensky, *From N.E.P. to Socialism: A Glance into the Future of Russia and Europe* (London, 1973), p. 88. The work, as the title suggests, is a projection of what the author considered to be the probable future development of the Soviet social formation, being supposedly based on a series of lectures given in the year 1970; pp. 87-93 consist of an examination of the future role of money and exchange relations, together with an anticipatory account of their eventual disappearance.
32. In his *Economic Problems of Socialism in the U.S.S.R.*, Stalin wrote that

. . . when instead of the two basic production sectors, the state sector and the collective-farm sector, there will be only one all-embracing productive sector, with the right to dispose of all the consumer goods produced in the country, commodity circulation, with its "money economy", will disappear, as being an unnecessary element in the national economy. (Stalin, 1973, pp. 445-81)

33. Nor is it permissible without the consent of the owners and those employed in such production units: see, on this, Engels' rejection of the forcible expropriation of the peasantry in his *The Peasant Question in France and Germany*, MESW/1, pp. 623-40.
34. But for a different (and non-Marxist) view on this subject, see Michael Ellman, 'Lessons of the Soviet Economic Reforms' *Socialist Register* (1968), pp. 23-54. Ellman argues that

The efficient attainment of the objectives of economic policy making require a combination of administrative decision making and utilization of the market mechanism, the proportions in which the two methods are needed varying from objective to objective and from economy to economy.

35. With respect to the autonomy of the trade unions, it would almost certainly be more appropriate to date their 'statification' from 1933, the year of the abolition of the Commissariat of Labour. From then on labour discipline and the expansion of productivity became the statutory functions of Soviet trade unions, taking precedence over their role in the defence of workers' interests.
36. This was the term coined by the Left Opposition in 1923 to designate the disparity between the prices of agricultural and manufactured goods; the

scarcity and consequent expensiveness of the latter threatened to undermine the *smytchka*: see, e.g. RB, pp. 24 ff.

37. Dobb has argued that collectivisation was an expedient to facilitate the mobilisation of sufficient agricultural surplus to maintain the level of real wages, keeping pace with the expansion of the industrial workforce (the urban population grew from thirty to around sixty million during the 1930s), while at the same time launching a massive programme of investment in heavy industry. (See Maurice Dobb, *Soviet Economic Development Since 1917*, 6th edn, London, 1966, p. 225.) However that may be, it is clear that, in real terms, a vastly enlarged working class had to subsist on a total mass of consumer goods which was not only relatively, but indeed absolutely decreased. The peasants' destruction of crops and slaughter of livestock, and the decline and continuing stagnation of agricultural production thereby engendered, reacted, as Deutschner has emphasised,

... upon all aspects of national policy. Industrialization proceeded on a dangerously narrow and shattered agricultural base, amid famines or a perpetual dearth of foodstuffs. It was therefore accompanied by a universal and almost zoologically fierce scramble for the necessities of life, by widespread discontent, and by low productivity of labour. The government had continuously to quell the discontent and to force up productivity by intimidation and subornation. The violent shock of 1929-30 drove the Soviet Union into a vicious circle of scarcities and terrors from which it was not to break out for a long time to come. (PO, p. 97)

38. According to Bukharin, this term was first used by V. M. Smirnov: see Bukharin, 'Economics', p. 110, footnote 91.
39. Notwithstanding the value of the theoretical insights developed by Preobrazhensky in *The New Economics*, it must also be recognised that the work placed an almost exclusive emphasis on internal accumulation, tending towards autarchy and, indeed, 'socialism in one country', thereby underestimating the importance of selective participation in international trade, backed by a growing technology and productivity in the relevant sectors of the economy. It is not surprising, therefore, that Trotsky's collaboration with Preobrazhensky in the Left Opposition was not free from strain: see, on this, Day (1973), pp. 145-8. Preobrazhensky's acclamation of Stalin's 'left course' in 1928-29 was a clear demonstration of the implications of his problematic. As Avenas has remarked: 'His position on economics led him to conceive of state policy as nothing but the result of the struggle between the two economic systems co-existing in N.E.P., a dangerously mechanistic way of viewing the problem'. (Denise Avenas, 'Trotsky's Marxism', Part II, *International*, vol. III, no. 3 (Spring 1977), pp. 33-48.)
40. For Marx's concept of prices of production, see above.
41. A similar appraisal might well be made of the work of Andrle, whose conclusions correspond very closely with those of Ticktin. See Vladimir Andrle, *Managerial Power in the Soviet Union* (Farnborough, 1976), pp. 145-53.
42. For Marx's most systematic statements of his own methodology, see PP, pp. 90-110; the *Introduction to the Grundrisse*; and the *Marginal Notes on Adolph Wagner's 'Lehrbuch der politischen Ökonomie'*. The two last-mentioned are

presented in new, annotated English translations in Terrell Carver, *Karl Marx: Texts on Method* (Oxford, 1975), and are also reproduced, respectively, in PGR, pp. 83-111, and *Theoretical Practice*, no. 5 (1972), pp. 40-64.

6 CONTEMPORARY STATE CAPITALIST AND 'NEW CLASS' ANALYSES OF THE SOVIET SOCIAL FORMATION

1. 'Leninism or Social Imperialism?', *Peking Review*, 24 April 1970, pp. 5-15. The C.C.P. has, since the Soviet invasion of Czechoslovakia in 1968, used the designation 'imperialism' or 'social-imperialism' in connection with Soviet foreign policy. Their conception of imperialism does not, in this sense, differ substantially from the Kautskyite analysis against which Lenin polemicised in *Imperialism, the Highest State of Capitalism*: see, on this, Erich Farl, 'Is the U.S.S.R. an Imperialist Country?', *International*, vol. II, no. 3, (Summer 1974), pp. 23-6. Farl provides an effective critique of Tony Cliff's account of Soviet 'imperialism' in the same article.
2. Paul Sweezy and Charles Bettelheim, *On the Transition to Socialism*, 1st edn (New York, 1971); Charles Bettelheim, *Economic Calculation and Forms of Property* (London, 1976); and the same author's *Les Luites de classes en U.S.S.R.: première période, 1917-1923* (Paris, 1974), published in English translation as *Class Struggles in the U.S.S.R. First Period: 1917-1923* (Hassocks, 1977). On the last-mentioned, see Miliband (1975) and Lockett (1976), both of which are reviews of the original French edition of the work.
3. Bettelheim seems here to reduce the concept of the productive forces to the means of production and the materio-technical elements of the labour process, thereby abstracting from the fact that it is the working class itself which constitutes the primary productive force, the agents of production which comprise it being themselves the bearers of social relations.
4. The quotation marks in all references to Bettelheim (1976) are given as they appear in the 1975 English (New York) edition, although the page references cited are (for convenience) those in the former. The representation of quotation marks in the 1976 (London) edition is apparently arbitrary, and is certainly confusing. Both editions derive from the same translation and are otherwise identical.
5. The authors of a recent work devoted to a reappraisal of the basic Marxist conceptual categories evidently concur with the essentials of Bettelheim's later position on this question, arguing that the suppression of exchange relations and the commodity form is directly consequent upon 'increasing control by the communal agency over production and distribution'. (Antony Cutler, Barry Hindess, Paul Hirst, and Athar Hussain, *Marx's Capital and Capitalism Today* (London, 1977) p. 327.) There can be no doubt that the extension of such control would, in the U.S.S.R. and elsewhere, facilitate the institution of directly social distribution for some categories of product, with the range and number of these categories increasing in conjunction with the expansion of productive capacity. It should nevertheless be apparent that whatever the extent of communal control, and however democratically it might be effected, the necessity for the retention of commodity-money relations in the distribution of the products of those sectors of the economy whose total output

remains insufficient to meet the social need cannot thereby be obviated. It would seem that Cutler, Hindess, et al. are advocating what is, in effect, War Communism 'with a human face'.

6. See, in this context, Ernest Mandel, 'A Political Interview', *New Left Review*, no. 100 (November 1976–January 1977), pp. 97–132.
7. See, e.g. Sweezy's own two-part review of *Les Luttes de classes en U.R.S.S.*, 'The Nature of Soviet Society', *Monthly Review*, vol. XXVI, no. 6 (November 1974), pp. 1–16 and vol. XXVI, no. 8 (January 1975), pp. 1–15. See also Martin Nicolaus, *The Restoration of Capitalism in the U.S.S.R.* (Chicago, 1975).
8. See, e.g. Bettelheim (1975), *passim*; and Leo Huberman and Paul Sweezy, 'Lessons of the Soviet Experience', in Leo Huberman, Paul Sweezy, et al., *Fifty Years of Soviet Power* (New York, 1967), pp. 9–21.
9. This is not, of course, to neglect the international dimension of the class struggle; in fact, as Bettelheim indicates, this is effectively inseparable from the internal struggle against the reproduction of capitalist social relations and the tendential reconstitution of a capitalist class. Indeed, it has been argued that the conflict between the bureaucratised workers' states and world imperialism can best be apprehended as 'one of the forms in which, in the present epoch, the antagonistic contradiction between capital and wage labour, or bourgeoisie and proletariat, is developing', that is, as one aspect of a single system of contradictions. (See Balibar, 1977, p. 138) The same author has suggested, interestingly, that if this is indeed the case, then the internal obstacles to the socialist transformation of the transitional social formations and the regressive tendencies within them 'are not to be explained simply by reference to "capitalist relations" in general but necessarily to their present *imperialist form*'. (Balibar, 1977, p. 223)
10. Gilles Martinet, *La Conquête des pouvoirs* (Paris, 1968), p. 95, cited in TS, pp. 32–3. Bettelheim himself refers to the 'instability' and 'decomposition' of state property: see Bettelheim (1976), p. 93, and see below.
11. For an early discussion of this theme, see Oskar Lange and Fred M. Taylor, *On the Economic Theory of Socialism* (Minneapolis, 1948); see also the comments on this in Mandel (1968), pp. 632–7.
12. There is, in fact, little which is perceptibly Marxist in Djilas' account, and he has since, in any case, explicitly renounced any affinities he may have had with the science of historical materialism: see Milovan Djilas, *The Unperfect Society: Beyond the New Class* (London, 1969).
13. Michels also saw the rights of inheritance as being fundamental to the production and reproduction of social classes, regarding it, moreover, as being inevitable that such rights would again crystallise out after the expropriation of the bourgeoisie: see Michels (1915), p. 383.
14. Paul Sweezy, 'Towards a Programme of Studies on the Transition to Socialism', in Paul Sweezy and Charles Bettelheim, *On the Transition to Socialism*, 2nd edn (New York, 1972), pp. 123–35. Sweezy has never developed this thesis, however, and seems indeed to have abandoned it in his most recent writings on the Soviet social formation. In a review of *Les Luttes de classes en U.R.S.S.* he merely suggests that any account of the formation and reproduction of the state bourgeoisie as a class must be located at the level of the family (which possibly reflects his adoption of Althusser's problematic of ideological state apparatuses, in which the family and other institutions are

- seen as forming a part of the state apparatus): see Paul Sweezy, 'The Nature of Soviet Society', *Monthly Review*, vol. XXVI, no. 6 (November 1974), pp. 1-16, and no. 8 (January 1975), pp. 1-15.
15. For a discussion of the impact of this change on the Soviet educational system, see Ivan Ivanov, 'Getting Ahead in the Soviet Union: Education', *International Socialism*, no. 30 (1967), pp. 27-30.
 16. See e.g. Hannah Arendt, *The Origins of Totalitarianism* (Cleveland and New York, 1958, repr. 1962), pp. 305-26; and William Kornhauser, *The Politics of Mass Society* (London, 1960, repr. 1970), *passim*.
 17. While it could be said that 'In so far . . . as (the capitalist's) actions are a mere function of capital . . . his own private consumption counts as a robbery committed against the accumulation of capital', Marx concluded that 'this expenditure nevertheless grows with his accumulation, without the one necessarily restricting the other'. (CAP, I, 739 and 741 respectively.)
 18. See, in this context, Paul R. Gregory and Robert C. Stuart, *Soviet Economic Structure and Performance* (New York, 1974), pp. 373-97.
 19. But on the subject of the 'adaptation' of capitalist technique, see below.
 20. The essentials of Trotsky's diagnosis here are prefigured in his statement in *Izvestiya* of 2 June 1925, reproduced in Day (1973), p. 142, which represents a particularly striking recognition, and repudiation, of his own 'administrative methods' during the period of the Civil War and of their theoretical expression in such works as *Terrorism and Communism*.
 21. The provisions of the Enterprise Statute of September 1965 are outlined in Vladimir Andrie, *Managerial Power in the Soviet Union* (Farnborough, 1976), pp. 15-17. It is noteworthy that while some commentators have seen the lack of congruence between the juridical and the actual relationships of decision-making power within the system of state enterprises as being necessarily dysfunctional, decrying the tendency for the ostensibly superseded 'command' relations to reassert themselves over enterprise autonomy (see, e.g. Mark Harrison, 'Soviet Planning and the Working Class', *Socialist Europe*, no. 3 (1977), pp. 21-5), Andrie - emphasising the extent of managerial power (although he does not believe that the essentially directive character of Soviet planning was fundamentally altered by the 1965 reforms) - argues rather that the indistinction which this entails provides the flexibility which is required if planning is to be implemented at all.
 22. The literature on the debate about 'market socialism' (or 'socialist market economy') is a considerable one. For a substantial account of the discussion on market categories among Soviet economists by a commentator sympathetic to the 'marketeers', see Lewin (1974), *passim*, in which an attempt is made to trace the origins of the contemporary debate back to the ideas of Bukharin. Contrasting interpretations of Marx's views on the market are juxtaposed in Radoslav Selucky, 'Marxism and Self-Management', and Hillel H. Ticktin, 'Socialism, the Market and the State. Another View: Socialism versus Proudhonism', both in *Critique*, no. 3 (Autumn 1974), pp. 49-63 and 65-72 respectively.

The best-known and most prolific of the East European advocates of 'market socialism' is Włodzimierz Brus: see his *The Market in a Socialist Economy* (London, 1972); *The Economics and Politics of Socialism* (London, 1973); and *Socialist Ownership and Political Systems under Socialism* (London, 1975). For a

critique of the two last-named works, see the review by Tim Luke in *Telos*, no. 29 (Fall 1976), pp. 215–22. The best general critique of the premises of ‘market socialism’ (formally addressed to the work of Branko Horvat) is contained in Ernest Mandel, ‘Yugoslav Economic Theory’, *Monthly Review* (April 1967), pp. 40–9.

23. See Raya Dunayevskaya, ‘State Capitalism and Marx’s Humanism’, *News and Letters*, vol. XI, no. 9 (1966), pp. 1 and 5–8.
24. Mattick employs the designations ‘state capitalist’ and ‘state socialist’ interchangeably to characterise the Soviet social formation since it both ‘centralises capital in the hands of the state’ and ‘retains the capitalistic division of the conditions of production between workers and non-workers’. (Mattick, 1969, p. 321)
25. It should be noted that Mattick, like Djilas and Cardan, sees the origins of bureaucratic ‘exploitation’ in the U.S.S.R. in the Leninist concept of the vanguard party and the Bolsheviks’ conception of the transition to socialism:

... it was the Bolshevik Party under Lenin and Trotsky which deprived the working class of both control and management of production, and replaced the rule of the soviets by that of the party and the state. All the terroristic innovations associated with the Stalinist regime, including forced-labour and concentration camps, had been initiated under Lenin’s leadership. (Paul Mattick, ‘Mandel’s Economics: Another View’, *International Socialism*, no. 37 (June–July 1969), pp. 35–9).

On this subject, see below pp. 214–15.

26. In the late 1940s, the two were co-leaders of a U.S. splinter group from the Fourth International, the ‘Forrest-Johnson’ (Dunayevskaya-James) tendency, which developed close links with the French group *Socialisme ou Barbarie* (see below), which itself broke with the F.I. in 1948. James’ political origins in Shachtman’s Workers’ Party (which he left in 1947 to join the S.W.P.), his subsequent collaboration with Dunayevskaya, and the *Socialist Review* group’s links with Shachtman and his followers in the fifties (see Chapter 4), serve to account for the general similarity of approach in their respective analyses.
27. The analysis put forward by the U.S. Revolutionary Marxist Committee (itself a remote descendant of Shachtman’s Workers’ Party), if rather more elaborate than that of James, is nevertheless founded upon the same postulate, articulated with the concept of state capitalism as ‘the logical product of capitalism’s inevitable tendency toward concentration and centralization of capital’. (SCPD, p. 21) Given, it is argued, that ‘what makes private property “private” under capitalism is the fact that for the proletariat the embodiment of its productive labour, capital, confronts it as the property of an alien class’ (SCPD, p. 11), the absence of working class control of the state and the economic apparatus in the U.S.S.R. necessarily means that state ownership of the means of production and economic planning merely serve to reproduce the conditions of alienated labour and the capital relation.
28. The distinction between the ‘first in time’ and the ‘first in reality’ is of course an important one for Marxist analysis, and Mandel himself must be numbered among those who have an occasion conflated the two: see, on this, Lucio Colletti, *Marxism and Hegel* (London, 1973, repr. 1977), pp. 130–3.

29. See C. L. R. James, *State Capitalism and World Revolution* (Detroit, 1969), *passim*.
30. The pseudonym of Cornelius Castoriadis.
31. *Socialism or Barbarism* (London, 1969). This document is published by its British signatories, the *Solidarity* group (known, in 1961, as 'Socialism Reaffirmed'). In the writings of Cardan himself the ascent of the party-state bureaucracy in the Soviet Union and Eastern Europe tends to be presented as one moment of the emergence, on a world scale, of a new bureaucratic capitalism, dominated by a managerial-bureaucratic class, a conception which has more obvious affinities with Rizzi's theory of 'bureaucratic collectivism' and Burnham's 'managerial revolution' than with most of the accounts of Soviet 'state capitalism' described above (all the more so because Cardan appears to deny the applicability of the laws and tendencies documented in *Capital* to the Soviet—or, indeed, any contemporary capitalist—social formation), although he chooses to retain the latter designation. *Socialisme ou Barbarie* effectively ceased to exist as a distinct political grouping in 1965.
32. Ernest Mandel, *The Leninist Theory of Organisation* (London, 1971), p. 12. In the same context, see also Leon Trotsky, *Stalinism and Bolshevism* (London, 1974); Peter Sedgwick, *Introduction to Victor Serge, Year One of the Russian Revolution* (Harmondsworth, 1972), pp. 9–15 (repr. as Peter Sedgwick, 'The crucial Year: Victor Serge on Class and Party', *International Socialism*, no. 50 (January–March 1972), pp. 9–16); Chris Harman, 'Party and Class', in a collection of essays of the same title by Tony Cliff *et al.* (London), pp. 47–66; and Ferdinand Charlier, 'The Roots of Bureaucracy and How to Fight It', in Ernest Mandel, ed., *Fifty Years of World Revolution* (New York, 1968, repr. 1971), pp. 253–74.
For an exposition of the opposing view, see Daniel and Gabriel Cohn-Bendit, *Obsolete Communism: The Left-Wing Alternative*, (Harmondsworth, 1969), pp. 199–245. The thesis that Stalinism originated in the Leninist concept of the vanguard party is also upheld by Djilas and Mattick. Liberal accounts along similar lines are numerous: see, e.g. Leonard Schapiro, *The Origin of the Communist Autocracy* (New York, 1965); Alexander Solzhenitsyn, *The Gulag Archipelago, 1918–1956*, vol. I (London, 1974); and Daniels (1960).
33. See, e.g. Lenin's statement, in 1918, that: 'Until workers' control has become a fact . . . it will be impossible to pass from the first step (from workers' control) to the second step towards socialism, i.e., to pass on to workers' regulation of production'. (Lenin, 'Tasks', p. 413)
34. For an account of the history of the factory committees, see Paul Avrich, 'The Bolshevik Revolution and Workers' Control in Russian Industry', *Slavic Review*, vol. XXII (1963), pp. 47–63; and see also Tony Cliff, *Lenin, vol. II: All Power to the Soviets* (London, 1976) pp. 226–45.
35. See the response to this article by Brinton in *Critique*, no. 4 (Spring 1975), pp. 78–86; and see also Goodey's reply in *Critique*, no. 5 (Autumn 1975), pp. 85–90.
36. Anna M. Pankratova, 'Les Comités d'usines en Russie à l'époque de la révolution', *Autogestion* no. 4 (December 1967), cited in Peter Sedgwick, *Introduction to Victor Serge, Year One of the Russian Revolution* (Harmondsworth, 1972), p. 8
37. This theoretical error was by no means exclusive to Lenin. It is manifest in Trotsky's *Terrorism and Communism*, in which he stated that

It would . . . be a most crying error to confuse the question as to the supremacy of the proletariat with the question of boards of workers at the head of factories. The dictatorship of the proletariat is expressed in the abolition of private property in the means of production, in the supremacy over the whole Soviet mechanism of the collective will of the workers, and not at all in the form in which individual economic enterprises are administered. (TC, p. 170)

38. For an excellent account of the principles of Taylorism, see Harry Braverman, *Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York, 1974), pp. 85–123. The way in which the methods of ‘scientific management’ and the piece-work system are applied in contemporary Hungary is vividly portrayed in Miklós Haraszti, *A Worker in a Workers’ State* (Harmondsworth, 1977).
39. Although, in *The Revolution Betrayed*, Trotsky explicitly condemned the manner in which capitalist methods of labour organisation were being applied in the U.S.S.R. under Stalin, the terms in which this condemnation is couched are not such as to provide a basis for the assumption that he repudiated the use of these methods *per se*: see RB, p. 82.
40. See also CAP, III, 376–7, and Chapter 3 of this work for a discussion of the intrinsic duality of Soviet industrial management and ‘labour relations’.
41. Engels argued otherwise:

If man, by dint of his knowledge and inventive genius, has subdued the forces of nature, the latter avenge themselves upon him by subjecting him, in so far as he employs them, to a veritable despotism independent of all social organisation. Wanting to abolish authority in large-scale industry is tantamount to wanting to abolish industry itself, to destroy the power loom in order to return to the spinning wheel. (OA, p. 637)

42. U. Santamaria and A. Manville, ‘Lenin and the Problem of the Transition’, *Telos*, no. 27 (Spring 1976), pp. 79–96.
43. See, e.g. Bettelheim (1976), pp. 86–8, and see also Harry Braverman, *Labour and Monopoly Capital* (New York, 1974), pp. 11–24. This line of reasoning is also apparent, albeit in a different context, in the work of Poulantzas: see Poulantzas (1975), pp. 225–30 and 235–41.

7 CONCLUSIONS

1. A principal element of this practice must necessarily be the systematic encouragement of the extension of the revolution on an international scale.
2. But for Mandel’s own implicit corrective to this inadequate conception, see Mandel (1974a), pp. 19–21.
3. Grahame Lock, *Introduction to Althusser* (1976), p. 24. It is interesting that Lock conceives the ‘withering away’ of the state not in terms of the expansion of democracy (cf. SR, p. 337), but rather as a process whereby ‘certain of its Ideological Apparatuses – especially the Party, the Trades Unions, and mass popular organisations of all kinds – are transformed into *non-State organizations*

capable of "controlling" and eventually of replacing the State'. (p. 30; cf. Therborn (1978), pp. 69–70, for a very similar treatment of this theme). He thereby ignores the fact that the fusion of party and state, and the subsumption of the trade unions and 'mass popular organizations of all kinds' under the party-state apparatus, was a result of the Stalinist degeneration, effectively conflating the disappearance of the transitional state *per se* with the deconstructing of that monstrous mutation of it which was the creation of Stalinism.

4. It is by no means necessary to follow Althusser in regarding this thesis as involving a 'historicist' conflation of the historical development of the real with the theoretical process of the elaboration of analytic categories. (See Louis Althusser and Etienne Balibar, *Reading Capital* (London, 1970) repr. 1975, pp. 124–6)
5. Simes points out that, according to the Soviet Central Statistical Agency, in 1974 only 3.5 per cent of all manufactured goods and 1.4 per cent of consumer goods received a State Quality Mark, which itself signifies no more than that the goods in question conformed to international standards: see D. K. Simes, 'The Soviet Parallel Market', *Survey*, vol. XXI, no. 3 (Summer 1975), pp. 42–52.
6. Branko Horvat, *Towards a Theory of Planned Economy* (Belgrade, 1964), p. 80.
7. Mandel has encapsulated this relationship in the dictum that: 'In the economy of the transition period the law of value is refracted through the prism of the plan'. (Mandel, 1968, p. 569)
8. Stuart Holland, *The Socialist Challenge* (London, 1975), p. 143.
9. One possible qualification here is the existence of deposits in savings banks, which bring in interest and which are not subject to any limitations *vis-à-vis* rights of inheritance.
10. For a recent attempt to develop the official 'analysis' of Stalinism propounded by the C.P.S.U., see John Gollan's pathetic apologia *Socialist Democracy – Some Problems: The Twentieth Congress of the Communist Party of the Soviet Union in Retrospect* (London, 1976), repr. from *Marxism Today* (January 1976).
11. Althusser has emphasised the need to comprehend the theoretical co-ordinates of Stalinism, to which end, in fact, he rejects this term itself, referring instead to the 'Stalinian deviation'. This he regards as being, in theoretical terms, the 'posthumous revenge of the Second International', in the form of a revival of its main tendency, 'economism'. Given, however, his pretension to an analysis located 'beyond the most obvious phenomena – which are, in spite of their extremely serious character, historically secondary' (Althusser, 1976, p. 89), the Terror and all of its consequences are effectively relegated to the level of superficiality. This apart, it is in any case apparent that the central feature of Stalinist political practice was not, as Althusser maintains, its 'economism', but consisted rather in an extreme voluntarism whereby 'Everything was reduced to a mere epiphenomenon of the will, hence everything had to serve the organization of political will'. (See Valentino Gerratana, 'Stalin, Lenin, and "Leninism"', *New Left Review*, no. 103 (May–June 1977), pp. 59–71.)
12. It may be noted, in this regard, that Day has acknowledged that

The most unique feature of Trotsky's strategy was its elaboration of a middle way between Stalin and Bukharin; that is, between a policy of heavy industrial investments and one which supported light industry in word if not

in deed. Possibly Trotsky's recommendations would have permitted a high rate of industrial growth without unduly antagonizing the majority of the peasants. (Day, 1973, p. 150)

13. See Ralph Miliband, 'Stalin and After', *Socialist Register*, 1973, pp. 377-95.

14. But see also the more equivocal treatment of this subject in a later work by the same author, in which it is stated that:

. . . political "pluralism" is something that springs inevitably from our present situation. Within certain limits this pluralism will continue to develop over the next few years and perhaps will go on for another decade. (Medvedev, 1975, p. 101)

15. Thus in December 1966 Alexei Kosygin, in answer to a question about the possibility of Trotsky's 'rehabilitation', declared that: 'Our party, which conducted a victorious struggle against Trotskyism, condemned it and still does condemn it'. (Cited in Day, 1973, p. 191)

16. The convergence of those policies, by the beginning of the 1930's, has been noted by Lewin: see Lewin (1974), pp. 68-72.

17. Yevgeny Yevtushenko, 'Stalin's Heirs', in *Poetry of the Committed Individual*, ed. Jon Silkin (Harmondsworth, 1973), pp. 227-9.

18. It may be noted, in this context, that the very concept of political dissent would have been logically inapplicable under the system of indiscriminate arrest and arbitrary punishment which prevailed during Stalin's rule. See, on this, Mary McAuley, 'Political Change Since Stalin', *Critique*, no. 2 (1973), pp. 23-36.

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